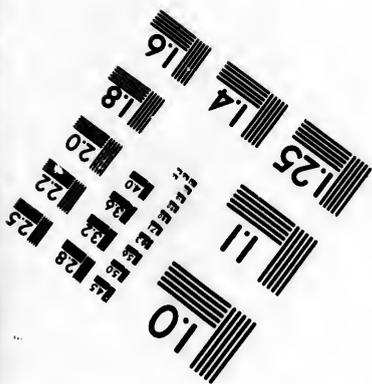
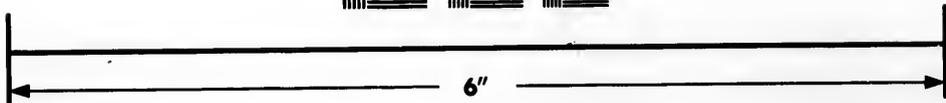
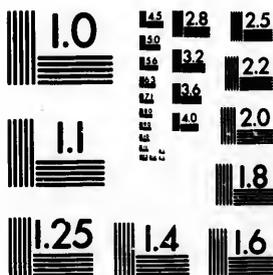


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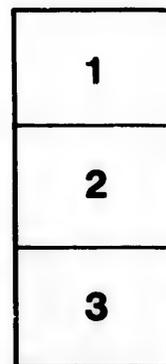
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The

OF R.

TO THE
FIELD
M

WM.

The American Telegraph Company.

REMARKS

OF R. W. RUSSELL, ONE OF THE EXECUTIVE COMMITTEE OF
THE AMERICAN TELEGRAPH COMPANY,

IN REPLY

TO THE STATEMENT OF MESSRS. ABRAM S. HEWITT, CYRUS W.
FIELD, HENRY J. RAYMOND, AND OTHERS, MADE AT THE
MEETING OF STOCKHOLDERS, ON JUNE 29th 1860.



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NEW YORK, 14th July, 1860.

The statements made and the reasoning presented by Messrs. Abram S. Hewitt, Cyrus W. Field, and Wilson G. Hunt at the meeting of the stockholders of the company on the 28th and 29th June last, should not go unanswered. The undersigned, as one of the Executive Committee, would have replied to those statements had not the meeting come to an abrupt termination. He has, therefore, deemed it advisable to write out and publish the following remarks which he intended to offer on that occasion.

R. W. RUSSELL.

Mr. PRESIDENT: It is my intention to support the resolution offered by Mr. Cambridge Livingston, that it is inexpedient for the stockholders here assembled to take any action relative to the business for which this meeting has been called, it legitimately belonging to the Board of Directors.

And, sir, I propose to state fully my reasons for this course and to reply somewhat in detail to the various statements which have been made by the speakers on the other side.

As one of the Executive Committee who have been assailed in the most violent manner, I desire the opportunity of repelling the charges brought against them; and, sir, I will prove to this meeting before I sit down that all those charges are unfounded, and that the statements made in the address of the Executive Committee to the stockholders are correct in every essential particular. Moreover, sir, I will prove that no reliance whatever can be placed on the statements of the gentleman who has charged the Executive Committee with falsehood.

Mr. Cyrus W. Field has grossly insulted you, Sir, by twice asserting before this meeting, his firm belief that you had signed

the address of the Executive Committee to the Stockholders without reading it. And yet, in the same breath, he declares that he has a great respect for you.

Address of
the Execu-
tive Commi-
tee.

The Presi-
dent's Signa-
ture.

That address, Sir, contains a full explanation of the position and prospects of the Company, and its policy, and information in detail respecting the topics discussed here to-day. If you had put forth that statement over your signature, without reading it, as Mr. C. W. Field supposes you to have done, you would not be entitled to his respect, nor would you, Sir, be fit to fill the office of President of the Company.

I may state to this meeting, that the address in question was prepared with great care by all the members of the Executive Committee—that the portion prepared by Mr. Alden and myself was sent to the President in Baltimore, and that the printing of the document was deferred until he could come to New York, and confer with us upon the additions and alterations which he proposed to make. The address is printed as finally settled, by the whole of the Executive Committee conferring personally together. And I undertake to say, that no material error can be pointed out in that document, either in the statement of facts, or in its reasoning thereon.

The Motion
to Adjourn.

I was in favor of Mr. Cambridge Livingston's motion to adjourn, because I knew what was the object of Messrs. Hunt, Field and Hewitt in desiring to give publicity to the affairs of the Company.

Several reporters were present, and I knew that the proceedings would not be reported fully and accurately, and moreover, that the affairs of a Company like this, claiming monopolies under patents, ought not to be spread out in the newspapers. The meeting ought not to have been called, and but for an oversight in the by-laws, it could not have been called; for it was impossible to get the owners of one-third of the stock to sign a requisition for the meeting.

The Appeal
from the
Board.

This, sir, is an appeal prosecuted by three of the directors against the decision of the other nine, on the policy to be pursued by this company in respect to that part of the newspaper press business which is controlled by Mr. D. H. Craig.

In the first place, sir, I deny that any appeal lies from the Board to the stockholders. Who are the Appellants.

Who, sir, are the appellants; and who the respondents on this occasion? The real appellants are Mr. Cyrus W. Field, Mr. Abram S. Hewitt, and Mr. Wilson G. Hunt. Before the consolidation the two first named gentlemen held a considerable amount of stock in the old American Telegraph Company. But, sir, they sold it all out before the consolidation was effected, and since that they have picked up only a few shares. Mr. Hunt, from the connexion of his nephew, Mr. McKinney, with Mr. Craig, and his own arrangements with that gentleman and his partners, and otherwise, became possessed of a considerable amount of the old American Company's stock in his own right and as executor of Mr. McKinney.

I find, sir, that the stock held by Mr. Peter Cooper and the other parties, who signed the call for this meeting, amounts to 972 shares.

Sir, I have more shares than that standing in my name on the books of the company in my own right and as trustee for others.

Ashamed of this miserable display of weakness, the appellants published in the newspapers a mutilated copy of the call, omitting the statement of the shares set opposite the names of the signers. What right had they to do that? If they had published a true copy of the document, newspaper editors and others would not have been deceived into the belief that the signers were large owners of stock. Why, sir, for example, I have seen it stated in the newspapers that Messrs. Brown, Brothers & Co., who signed the call, were large stockholders, whilst the fact is that they hold but 12 shares which they got in exchange for stock in the New York and Washington Printing Telegraph Company, which latter stock was given to them by Mr. Morris and myself for the stock of the old New York and Philadelphia House Line which was in reality worthless.

Mr. Hunt has standing in his name, in his own right, and as trustee for others 776 shares. If we add the stock of Messrs. Hunt, Field, and Hewitt, to that of all the other parties who signed the call, we have only a total of 1779 shares, or 177,900

dollars. The parties supporting the Executive Committee are now ready to cast over ten thousand votes, representing over a million of dollars.

Let me say a few words as to Mr. Peter Cooper's position in this matter. Some months before the consolidation was effected Mr. Hewitt, who is Mr. Peter Cooper's son-in-law, complained bitterly about Mr. Peter Cooper's having been induced to invest his money in telegraph enterprises. I had nothing to do with that; on the contrary, he engaged in those enterprises in opposition to my interests. Mr. Hewitt said that he would be glad to sell all the stock held by himself, Mr. Peter Cooper, and Mr. Edward Cooper, that they wanted the money to use in their legitimate business. Mr. Hewitt and Mr. Edward Cooper, a son of Mr. Peter Cooper, were then two of the trustees of the American and House Companies, whose lines were then worked together under a contract for a consolidation.

Sale of Mr.
Hewitt's and
Mr. Edward
Cooper's
Stock.

Mr. Hewitt wanted to sell the whole of Mr. Peter Cooper's stock. I suggested that it would look better if he kept some of it. He had previous to this retired from any active participation in telegraph affairs, and had transferred a large portion of his stock to his son, Edward Cooper, and to his son-in-law, Mr. Hewitt. The whole amount of the stock held by all three of them was then \$30,000. Mr. Morris and myself concluded that we would purchase all that stock except \$5,000 to be kept by Mr. Peter Cooper. The Cooper family have since obtained some more shares, and now own altogether 350 shares of this Company.

When I negotiated the purchase with Mr. Hewitt, he promised me that he and Mr. Edward Cooper would retire whenever requested to do so by me and Mr. Morris. We did not want their stock, but being dissatisfied with their subserviency to Mr. Craig, we wanted to get rid of them. We paid some thousands more than their stock was worth at the time, for that was a critical period in telegraph affairs, and very few people believed that the consolidation which I was endeavoring to effect, including the purchase of the Morse and House patents, and nearly all the outstanding claims of Morse and his assigns for infringements of the Morse patents, would ever be effected.

Mr. Hewitt told me that he knew nothing about telegraph

matters; which appeared to him to be of a very complicated character—that he did not intend to take the trouble to learn, not having interest enough to warrant his doing so, but that he did not mean anything to be done until he understood all about it. I concluded that it was advisable to purchase his stock.

I should state, sir, that my interests, and those of M. Morris, in telegraph lines and patents, are very large—the stock alone held by us in this Company, and in the Western Union and New York and Buffalo Companies, exceeding \$400,000. It was, therefore, an act of prudence on our part to prevent, at the cost of a few thousand dollars, the hostile movements of Messrs. Hewitt and Edward Cooper.

On the 15th day of April, 1859, we purchased the stock held by Mr. Hewitt and Mr. Edward Cooper, but they, at our request, continued to act as trustees until the organization was had under the charter.

One of the provisions of that charter was, that the President and two Directors should be residents of New Jersey. The charter named the Directors to serve until the annual election in January, 1860. Mr. Hewitt and myself were the only Directors resident in New Jersey. Mr. Hewitt was, therefore, elected nominal President, without salary, the duties of the office being performed by the Vice-President, Mr. Barnum. It was distinctly understood and agreed at the annual election in January last, that when I could get the charter amended so that it should not be necessary to have the President, or any of the Directors reside in New Jersey, Mr. Hewitt would resign his seat as a Director, in favor of Col. R. M. Hoe. The charter was so amended last winter, but Mr. Hewitt has refused to resign his seat.

At the meeting of the Board, on the 9th of March last, Mr. Hewitt resigned his nominal office of President, and Mr. Barnum was elected in his place. Mr. Hewitt, on that occasion, denied that he had been elected on the understanding I have referred to, but on being told by me, as well as the President, and others, that such was our understanding, he consented to resign, but afterwards withdrew his resignation, and has ever since continued to act as a member of the Board.

Sir, I complain of the conduct of the gentleman in that particular. He is the spokesman of, and the head and front of the opposition to the Executive Committee. I would not have consented to the payment of \$25,000 to avoid his antagonism if I had supposed he would break faith with me, and on the acquisition of a few shares of stock, either by gift from his father-in-law, or by purchase, insist on retaining the office of director, and lead the opposition against me and my party. I knew how formidable he was as an experienced Tammany Hall leader, accustomed to political manoeuvring, and experienced in the art of ruling by minorities. I knew very well that the fact of our party having a large majority of the stock, and a large majority in the Board, would not be decisive.

The attempt
to put Mr.
Riggs in the
Chair.

I was not then at all surprised, sir, when, on the strength of about one-seventh part of the stock, this restless and dashing partisan got up a meeting of the stockholders, to over-rule the Board of Directors—sought to put in the chair a gentleman who knew nothing at all about the affairs of the Company—a gentleman holding but 34 shares of stock, and that as an executor and agent, but who had the great merit, in the eyes of Mr. Hewitt, of having been the attorney of D. H. Craig.

You recollect, sir, how in strict accordance with Tammany Hall precedent, Mr. Edward Cooper, another experienced wire-puller, hailing from that classic region, moved, on the stroke of 12 o'clock, that Mr. Riggs do take the chair, put the motion, and with half a dozen nays to one yea, declared the motion carried. Your firmness, sir, defeated that bold manoeuvre.

The proposed
Committee to
overrule the
Board.

But it did not deter the same party from offering the absurd proposition, that the affairs of the company should be taken out of the hands of the Directors, and placed in the hands of a committee of three persons, two of whom are small stockholders, having no experience whatever in the business of the Company. Of course, a majority of the committee was to be empowered to act, and that majority consisted of Mr. Jas. Freeland, who has five shares, and Mr. Horace Galpin, who has thirty shares. I never heard of either of the gentlemen before in connection with telegraph business, but I know they cannot possibly possess that acquaintance with the subject in controversy which is necessary to lead to judicious action upon it,

Why, sir, did Mr. Hewitt offer this resolution? He could not expect it to be adopted—he could not expect the directors, who are very large stockholders, to vote for the resolution and thus to stultify themselves and throw the affairs of the company into the hands of novices. But, sir, by offering this resolution Mr. Hewitt had the desired opportunity of spreading before the newspaper reporters, whom his party have brought here, a one-sided statement, which, he hopes, may alarm some of the stockholders and ultimately induce a sufficient number of them to act with him and Mr. Craig against the majority of the Board of Directors and the Executive Committee. Mr. Hewitt and his supporters have, it is true, but little stock, but they have the support of D. H. Craig, and through that they expect to rule this company.

Mr. Cyrus W. Field has told this meeting that he was disgusted with my conduct in October last, and that he sold out his stock to me because he thought that the course commenced by the Executive Committee was going to lead to the ruin of the Company.

Sale of Mr.
Cyrus W.
Field's stock.

For this unseemly language the gentleman was called to order. Now, sir, the fact is, that the gentleman sold out to me all the stock he had in the old American Company before the Executive Committee, whose acts he complains of, came into existence. That being so, this meeting will know how to receive the gentleman's statements in future. I will, sir, with your permission, state briefly the facts connected with this purchase.

On 11th October, 1859, Mr. Cyrus W. Field, being the owner of 9½ shares of the stock of the old American Telegraph Company, offered to sell the same to me at par, and offered to take my note at three months for the amount. He required an answer by the next day, before noon.

At the time of the making of the offer a negotiation was going on between the representatives of the Magnetic Telegraph Company and those of the old American and House companies for a consolidation of their lines. The parties were assembled in New York, fresh difficulties had arisen in the negotiation and many were of opinion that consolidation would not be effected. I held a different opinion, and therefore concluded to accept Mr.

Cyrus W. Field's offer to sell me his stock. And on the 12th of October, before noon of that day, I sent him a note which reads as follows :

C. W. FIELD, Esq. :

Dear sir,—I am willing to purchase the stock on the terms mentioned to you in my note yesterday.

R. W. RUSSELL.

October 12, '59.

This is a copy of the note here referred to :

C. W. FIELD, Esq. :

Dear sir,—I have been trying to see a friend to join me in that purchase—terms par—you taking my note at three months, with interest from date. I shall see him to-morrow. If I make the purchase Mr. Morris will, I presume, take your place as one of the directors.

R. W. RUSSELL.

N. Y., Oct. 11, '59.

Mr. Cyrus W. Field called on me shortly after receiving this note. He then varied the terms of the offer he had made me and instead of transferring the stock to me and taking the hypothecation of the new certificate to be made out in my name, he insisted on holding the stock until the note should be paid.

Rather than give up the bargain I consented to these alterations.

On the evening of the 12th October, the terms of the consolidation were finally arranged. The Magnetic Company at the last moment consenting to yield some important points which they had up to that time stoutly contended for.

After this result Mr. C. W. Field refused to let me have his stock even on the amended terms which he had exacted from me.

First he said he could not let me have his stock unless I would purchase D. Field's stock also. I remonstrated but finally consented to include that in my purchase. Then Mr. Cyrus W. Field came to me again and said I must also take

the stock of his niece Jeannie L. Field. I remonstrated again, but concluded that I would submit to take that also. Then I was told by Mr. Cyrus W. Field that I must assume his subscription for the purchase of stock of the Magnetic Telegraph Company, to the amount of five thousand dollars. I resisted this, but finding that I should have to bring an action to compel the performance of the bargain, I deposited with Mr. Peter Cooper the sum of five thousand dollars to indemnify Mr. Cyrus W. Field from the subscription in question. Finding that I was not to be baffled in this way, Mr. Cyrus W. Field got Mr. Peter Cooper and others to try and induce me to give up the bargain, and even brought the matter up at a meeting of the trustees in order to secure their intervention in his behalf, but I replied that he could purchase the same amount of stock that he had sold to me at an advance of about twenty per cent., that being the rise consequent upon the consolidation. Finally I got the purchase completed, Mr. Cyrus W. Field securing to himself all dividends that might be declared thereafter on the stock of the old American Company. The dividends so reserved were estimated at about \$700. Of course by the terms of the original bargain I was entitled to all accruing dividends, but I was compelled to relinquish them.

I heard no more about the stock of D. Field, and Jeannie L. Field, after I had agreed take it.

When Mr. Cyrus W. Field first asked me to purchase his stock, I understood that he had had a serious misunderstanding with Mr. Abram S. Hewitt, and was desirous of avoiding any further communication with him in relation to Telegraph matters.

Indeed, Mr. Hewitt had told me a short time before that he had made up his mind that he would not consent to sit in the Board the following year with Mr. Cyrus W. Field.

The immediate occasion of this ill feeling was a fierce dispute between them respecting certain bills which had been presented for expenses incurred by Mr. Matthew D. Field (a brother of Mr. Cyrus W. Field), in opposing the application made by Mr. F. O. J. Smith and others, to the Legislature of Massachusetts, for a charter to incorporate a Telegraph Company to lay a telegraph cable between Cape Ann, Mass., and Yarmouth, Nova

Scotia. These expenses were incurred after Mr. Hewitt had, on behalf of the Trustees, and the old American Company, positively prohibited the incurring of any more expenses in that matter. Mr. Matthew D. Field engaged that he would go to Boston and oppose the bill, charging only his traveling expenses, which should not exceed fifty dollars. He received the fifty dollars, and then bills were sent in for expenses incurred by him in the name of the old American Company, to the amount of nearly three thousand dollars. Mr. Hewitt refused to allow these bills to be paid, and insisted that Mr. Cyrus W. Field should be left to pay them out of his own pocket, he having given the parties who had the claims, reasons to believe that Matthew D. Field was duly authorized.

I interposed, sir, in this quarrel, and recommended the payment of the claims, and after some delay that recommendation was adopted.

Although I supposed at the time that Mr. Cyrus W. Field's offer to sell me his stock arose out of that misunderstanding between himself and Mr. Hewitt, I now think that the main reason which induced Mr. Cyrus W. Field to sell was, that he doubted whether the consolidation would take place, and he knew very well that if it should not, the stock would be almost if not quite worthless.

I will not follow that gentleman's bad example, and say that I was disgusted with his conduct respecting the sale of his stock to me. I will leave it to the spontaneous condemnation of every right minded honest man.

C.W. Field's charges agst. the Ex. Com. 13) In the pamphlet of the Executive Committee it is stated (p. 13) "that the Executive Committee have been informed that the Newfoundland Company's charges for messages of the Press have been lately increased four hundred per cent. or thereabouts."

1. As to Press rates, on Newfoundland lines.

Mr. Cyrus W. Field in his address to this meeting has asserted that instead of raising they had reduced the rates $33\frac{1}{3}$ per cent. from the 1st of June last.

The Executive Committee have only stated what they were informed, and it may here be added that the information was

communicated by Mr. Peter Cooper to the President of this Company a few weeks ago. Mr. Peter Cooper mentioned the fact in order to show how generous the New York Associated Press was. He stated that as soon as the Association was informed that the Newfoundland Line needed better pay for the Press messages, it at once consented to pay about four times as much as it had paid theretofore—that this change had been made very recently. Formerly the charges for Press messages from St. Johns or Cape Race, Newfoundland, were the same charges as for private messages—no allowance was made on account of the great length of Press messages. By the change recently made, as I understand, Mr. Cyrus W. Field and his colleagues will derive a much greater revenue from the New York Associated Press. I am informed by Mr. Zabriskie, a news reporter, that the new charge varies according to the importance of the message, *i. e.*, that the charge depends upon the question whether the news be a certain given number of days later. Mr. Zabriskie derives his information from Mr. C. W. Field. Within the last few days Mr. C. W. Field told him that the New York Associated Press paid more than double the regular rates. This was in answer to a question what rates the Newfoundland Company would charge him for independent Press messages to be sent over the lines of the Company.

It will be observed that the remark of the Executive Committee is confined to "the Newfoundland Company's charges for *messages of the Press.*" They do not speak of the regular tariff of prices for messages in general. It may be quite true that that tariff has been reduced—the fact being that the private messages sent over the Newfoundland lines are comparatively unimportant in a telegraphic point of view.

But Mr. Field has either intentionally or otherwise deceived this meeting by his remarks—he has, in a grossly offensive manner, charged us with wilful falsehood—he has left the impression on the minds of many of his hearers that he had recently reduced the charges for messages of the Press sent over the Newfoundland lines, instead of having raised those charges as alleged.

It will not do, sir, for the gentleman to seek to get out of this dilemma by pointing out the distinction between the charges for messages of the Press and the regular "tariff of prices."

The fact is, as I am informed and believe, that the Newfoundland lines did not pay expenses, and it was represented that they must be discontinued, unless the New York Associated Press would raise the amount of compensation to be paid to the Newfoundland Telegraph Company for the foreign news transmitted over their lines. *The New York Association thereupon did agree to pay more for the foreign news, and yet Mr. Cyrus W. Field tells us that the rates have been reduced 33½ per cent.**

* The following affidavit fully contradicts the statement of Mr. C. W. Field, that the rates for Press messages on the Newfoundland Line had lately been reduced 33½ per cent. :

Affidavit of
Mr. Zabriskie
contradict-
ing C. W.
Field's state-
ment.

"Michael A. Zabriskie, of the city of New York, being duly sworn, saith : That on the 11th day of June, 1860, this deponent went to the office of Cyrus W. Field, in Beekman street, in the city of New York, to ascertain from him, as one of the directors of the Newfoundland Telegraph Company, what rates that company would charge this deponent for messages for the newspaper press, to be sent over the lines of the said company, from Cape Race and St. Johns to the United States. This deponent had an interview with said C. W. Field on that occasion. This deponent, when he made those inquiries, knew what the regular rates for ordinary messages were; but, having understood that the agent of the Associated Press had a contract with the said company, for the transmission of his messages over their lines, this deponent was desirous of learning whether he could compete with said agent in the supply of foreign news, for the use of the newspaper press of this country.

"This deponent requested the said C. W. Field to show him the said contract, in order that he might see whether it conferred any special privileges upon the said agent. The said C. W. Field declined to let this deponent see the said contract, but told him that the Associated Press paid about double the regular rates, and that they paid as much for ten words as for seven hundred and fifty; that the rates of tolls charged to the Association were graduated according to the value of the news, as it might be one or more days later than previous advices.

"The said C. W. Field gave to this deponent, as a reason for the excess in the tolls paid by the Associated Press, that an idea, at one time, prevailed of abandoning telegraphic communication with Cape Race, in consequence of the great expense attendant on keeping the line in repair; and that, in order to assist in sustaining it, the Associated Press were willing to pay an advanced rate.

"The said C. W. Field also observed, that the rates for ordinary messages had lately been reduced by the Newfoundland Company thirty-three per cent. The said C. W. Field told this deponent, that he would be charged only the ordinary rates; upon which this deponent inquired what privileges the agent of the New York Association was to have in return for the payment of more than the usual rates, but this deponent failed to obtain any reply to that question satisfactory to

Sir, I do not believe that the rates we are talking about, *i. e.*, the Press rates, have been reduced, on the contrary I have no doubt they have been raised, as Mr. Peter Cooper stated.

And I beg that the stockholders will take especial notice of this matter. I want the stockholders to note the fact that not only are Mr. Cyrus W. Field's charges of falsehood cast about without the slightest care or reflection, but that his most deliberate assertions of matters of fact, especially within his own knowledge and as to his own acts, are wholly unreliable. As there may be hereafter many issues of fact raised between that gentleman and myself, and other members of the Board, I crave the careful attention of this meeting to the statements put forth by Cyrus W. Field, that the rates charged to the Press for messages sent over the Newfoundland line had lately been reduced 33 $\frac{1}{3}$ per cent. Examine this and see whether it is true, and if you find that it is not, what can you think of the man who has had the hardihood to charge us with deliberate falsehood, because we repeated what we had heard of the matter.

Sir, the Executive Committee referred to this increase of rates on the Newfoundland lines to show that we too should be justified in so adjusting our tariff for through messages and drop copies containing the foreign news as to make the Eastern lines pay expenses and yield a reasonable profit.

To this increase of rates for Press messages on the Newfoundland lines, I attribute the disinclination of the Newfoundland Telegraph Company to receive the overtures of this Company, recently made, for a negotiation for a lease of the Newfoundland lines to this Company. A little while ago the Newfoundland Company could not meet its expenses by its earnings and would have been very willing to lease to us, but now the case is different.

him; the said C. W. Field merely informing him that the New York Association had agreed to pay the extra rates, in order to assist in sustaining the line.

"This deponent wrote down the particulars of the said interview on the following day.

"M. A. ZADRISKIE.

"Sworn before me, this }
13th August, 1860, }

"JOHN BISSELL,

"Notary Public."

Mr. C. W.
Field's
charges.

2. As to
Dividends of
the old Am.
Telegraph
Company.

I will now notice, sir, the other charge brought by Mr. Cyrus W. Field against the pamphlet of the Executive Committee. After stating that there is an "utter falsehood" or a "gross misrepresentation" on every page of the pamphlet, he proceeds to specify only two instances. One of them is the statement of the Executive Committee on the subject of the prices charged by the Newfoundland Company for Press messages. The other alleged misstatement is in relation to the dividends of the old American Telegraph Company. That statement is on page 6 of the pamphlet. After referring to the special contract for the daily transmission of the Associated Press messages to an unlimited extent from New York to Boston for the sum of \$650 per month, it says: "The patronage of the Press, *under that arrangement*, had been a burthen, instead of a source of profit. The old American Company, in consequence of being burthened by that patronage, was often unable to send private messages promptly, and could not make dividends, whilst its rival, the Union Company, being fortunately relieved from the custom of the New York Associated Press, was carrying on a successful and profitable business."

Mr. Cyrus W. Field, referring to this passage, says that it contains the false statement "that the American Company NEVER *paid* any dividends" whereas, in truth, it had paid two dividends of 10 per cent.*

* The following is an extract from the notes of Mr. Underhill, a short-hand writer, who took full notes of the proceedings:

Mr. C. W. Field: I did not intend to notice that pamphlet, because it had come from the Executive Committee of three. I have read it carefully. In that pamphlet there are exactly thirty-six statements which are either utterly false, or gross misrepresentations, and I thought them beneath my notice. I am surprised, as I told Mr. Barnum at another meeting, that a gentleman for whom I had so much respect should have signed such a document. I cannot believe that he ever read that document; I don't know, but at all events, there are statements which are known to every one to be perfectly false. I will mention one. They say that I purchased thirty-one shares of stock since. Mr. Russell knows that in October I become disgusted with his conduct, and did sell my shares.

The President: I cannot permit any personal remarks to be made here.

Mr. Field: I don't mean any disrespect to you, sir; I believe that under excitement you signed that pamphlet, although you did not know what it contained. Some of the statements, as the gentlemen know, and as I will show, were not true. In one of them they say that the Newfoundland Company have raised their

Now, it will be perceived that the Executive Committee do not say that the old American Company had *never*, in the whole course of its career, made dividends, but merely state that it was prevented from making dividends by the patronage of the Press under the onerous arrangement for the transmission of an unlimited number of words for a small fixed sum of money. The fact is, that the old American Company paid no dividends during the two years preceding the consolidation. If it had not been burthened with the business of the Press, under the obnoxious arrangement before referred to, it might have been able to make dividends during that period. The remark of the Executive Committee was therefore strictly correct, and Mr. C. W. Field's charge of falsehood is founded upon a misquotation. The old American Telegraph Company made two dividends in the early part of its career, but I apprehend that an examination of the affairs of that company would show that the net profits were not sufficient to pay those dividends or either of them. I am strengthened in this conjecture by the fact that when I, with Mr. Morris, purchased the stock of Mr. Abram S. Hewitt and Mr. Edward Cooper in that company, we discovered that the capital stock was increased from two hundred thousand dollars to two hundred and fifty thousand dollars, the excess being required to liquidate the obligations of the Com-

tariff 400 per cent. Why did they not ask the directors in relation to the matter, those who are here in New York? Why didn't they go to their office? Had they done so, they would have found that on the first day of June we decreased the rates 23 1-3 per cent. Another statement is, that the old American Company never paid any dividend. One of the signers of that is Mr. Alden, a director, and a vice-president from its existence, and knows very well that I was a shareholder, and that he was a shareholder, and that we both received dividends of ten per cent., not per annum, but two dividends amounting to twenty per cent. on the total amount that we had paid; that we received a hundred per cent. in addition to the stock of this company, on which we have received twelve per cent. dividends. What is the reason I have been selling my stock? *Ever since the course was commenced, by this Executive Committee, which I thought was going to lead to the ruin of this company, I have been selling out in every instance where I could get a good offer.*"

I find on referring to the books of the old American Company, that the last assignment made by Mr. Field of any part of his stock before he sold to me, was on October 28th, 1858. The sale to me was on 12th October, 1859, and it included every share of stock held by C. W. Field. The Executive Committee was first appointed on 23th October, 1859.

pany. And Mr. C. W. Field has told us to-day that the two dividends made by that company were not paid to the stockholders, but were taken in part payment of the stock subscriptions.

It is true, as stated by Mr. C. W. Field, that the stock of the old American Company was exchanged for the stock of the consolidated company at a considerable premium. I will only take this occasion to observe that the agreement to allow that premium was obtained by certain statements respecting the affairs and condition of the old American Company which were afterwards found to be inaccurate in many important particulars. At first it was agreed, on the strength of those statements, that a larger premium should be allowed to the old American Company, but the gentlemen who conducted the negotiation on behalf of the Magnetic Telegraph Company refused to allow the larger amount, on the ground that they had been misled by the misrepresentations made on behalf of the old American Company. Those misrepresentations caused considerable difficulty with the House party, when the stockholders of the Magnetic Company refused to execute the papers which had been prepared.

C. W. Field's
misrepresentations.

Sir, it seems to have been impossible for Mr. Cyrus W. Field to open his mouth to-day without making some misstatement. When Mr. Kendall was stating to the meeting that the company had recently made a reduction in the charge for special Press messages sent between New York and Washington, Mr. Field exclaimed: "And that was voted against by every member of the Executive Committee." On the contrary, the proposition was adopted unanimously by every member of the Executive Committee, as the records of the company will show. The Executive Committee was, however, opposed to giving a retroactive effect to the resolution, and the vote on that point led Mr. C. W. Field, with his usual want of accuracy, to make the exclamation just quoted.

I have now a right to ask, sir, what this meeting thinks of Mr. Cyrus W. Field's impudent assertion, that there is a falsehood or misrepresentation upon every page of the address of

the Executive Committee? How has he undertaken to establish that assertion? He has brought forward his charges—only two in number—and I have shown them to be false. Instead of establishing those charges, which he trumped up so recklessly against the Executive Committee, he has merely jerked out a jumble of misquotations and misstatements, and clearly demonstrated to the meeting that he is so loose in the use of words to express his meaning—when he has any—so wholly regardless of accuracy, and so intent upon misleading the stockholders, that his charges and statements of every description must be entirely thrown aside.

Having disposed of Mr. Cyrus W. Field's charges against the pamphlet of the Executive Committee, I will now reply to the remarks of Mr. Dudley D. Field, the brother of Mr. Cyrus W. Field.

Mr. Dudley D. Field has assured this meeting that I have over and over again told him that I was defending the suits brought by Johnson & Zabriskie, and could do so successfully. I promptly denied that assertion. Why, sir, instead of giving the gentleman the assurance he says I did, over and over again, I have not been on speaking terms with him since the actions were brought, and have never seen him but once since, and that was at the public meeting of the stockholders in January last.

Mr. D. D. Field as to the actions of Johnson & Zabriskie.

The assertion of the gentleman must be known to all my colleagues to be unfounded, for they have heard me repeatedly denounce the detention of the messages of Messrs. Johnson & Zabriskie as an illegal act.

Even after I had informed this meeting that the Board of Directors had authorized the payment of damages to Messrs. Johnson and Zabriskie for that illegal act, Mr. Dudley D. Field persisted in representing to this meeting that the settlement had been made by the mere authority of the Executive Committee.* And his brother, Mr. Cyrus W. Field, in the address

EXTRACT FROM THE SHORTHAND WRITER'S REPORT OF THE PROCEEDINGS.

"Mr. Russell: I will tell you that the statement in the pamphlet is perfectly correct—that this Company has been sued for detaining messages at Sackville until the agent of the Associated Press could bring his messages by Pony Express. The American Telegraph Company refused to send the messages of the rival asso-

to the stockholders, published in the newspapers, has endeavored to make the public believe that the recent alteration in the tariff on messages sent from New York to Boston, for the press, were made by the sole authority of the Executive Committee, he knowing perfectly well all the time that the Board of Directors had, after great deliberation, established that change.

These men, the brothers Field, in their anxiety to have flings at the Executive Committee take no pains to be accurate, and think nothing of charging others with falsehood and deception.

Mr. President, I have said that the Board of Directors authorized the Executive Committee to pay damages to Messrs. Johnson & Zabriskie, the resolution was adopted on the motion of Mr. Wilson G. Hunt, at the meeting of the board held on 2d January, 1860.

The resolution reads as follows :—

“Resolved, That the matter of difference between the Amer-

ciated Press from Sackville to New York, until it had received the messages of D. H. Craig, brought from Halifax to Sackville, a distance of 136 miles, for the Associated Press of New York, and they were sued for this wrong and damage, and the Board of Directors referred it to the Executive Committee to settle that claim. The Executive Committee, being advised that they had no defence, paid the amounts which the unfortunate agent of the Associated Press outside of New York, had expended in the payment for messages at Halifax and Sackville.

“Mr. D. D. Field: That does not answer my question. Has there been any decision in Court?

“Mr. Russell: No, Sir. I just said that there had been a suit brought, and that it was referred to the Executive Committee to settle.

“Mr. D. D. Field: Then it is not true that 'they have had' to pay money? They have chosen to pay the money of the stockholders, without, I say, their having a particle of right, for the Secretary knows himself, that he has, over and over again, told me that he was defending this suit, and could do it successfully.

Mr. Russell: The Secretary has never said anything of the kind. He has always insisted that it was an illegal act.

“Mr. D. D. Field: One question more. What counsel has advised the Executive Committee that they ought to pay it?

“Mr. Russell: I have. I am the legal officer of the Board.

“Mr. D. D. Field: That is, you, being the Executive Committee, have been advised by yourself that you ought to pay, and accordingly you pay.”

(That remark is wholly erroneous. The Board was advised that the Company had not a full defence to the actions, and the Board decided to settle the actions. The amount paid, however, was much less than the amount claimed, which was excessive.)

ican Telegraph Company, and the Nova Scotia Telegraph Company and Messrs. Johnson & Zabriskie, be referred to the Executive Committee, with power to arrange the same, and to report at the next meeting of this board."

The Executive Committee settled with Messrs. Johnson & Zabriskie by merely paying them the amount they had paid to the Nova Scotia Company and this Company for messages which became useless by reason of the refusal of this Company to forward them from Sackville. We paid nothing to Messrs. Johnson & Zabriskie for the expense incurred by them in the preparation of the messages and their transmission from Europe to Halifax. At the same time I got Messrs. Johnson & Zabriskie to agree to a settlement on the same basis with the trustees of the old American Company, and the New York and Washington Printing Telegraph Company. The amount thus paid by the new company was \$962 08, the amount to be paid by the trustees by the above-mentioned arrangement is about two thousand dollars.

Mr. Dudley D. Field charges the Executive Committee with having put forth a falsehood in their pamphlet, because they say (page 24, note) referring to the stoppage of the messages of Johnson & Zabriskie at Sackville, "The American Telegraph Company has been sued for this violation of the law, and has had to pay damages."

D. D. Field,
charges agt.
the pamphlet
of the Execu-
tive Commit-
tee.

Is it not, sir, perfectly correct to say that one has had to pay a sum of money when it has been demanded of him, and the rightfulness of the demand has been admitted, and the amount paid. If a trial had been had and a judgment rendered against the Company, the Executive Committee would of course have mentioned the fact. But the Board of Directors did not choose to stand a trial, they believed that the law had been violated, and they were very glad to get the settlement with Johnson & Zabriskie. A jury might not have let us off so easy, but might have mulcted us in heavy damages.

I must here explain that the orders of the president of the old American Company to stop the messages of Johnson & Zabriskie at Sackville, continued as a matter of course to be en-

Why the new
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Mr
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forced until the new board should ordain a different state of things. In the multitude of matters to be attended to just after the new organization, this particular subject was not considered to be one of paramount importance, and at the instance of Messrs. Hunt, Field, and Hewitt action upon it was postponed for a short time, it being understood that the whole difficulty would be removed in the course of a few days, by the termination of the contract between the Nova Scotia Telegraph Company and Messrs. Johnson & Zabriskie.

Mr. D. D. Field's criticism on the Secretary's want of humility.

I desire to say a few words in reply to Mr. Dudley D. Field's remarks upon the tone and style which he expects from the Secretary when he is responding to any question that may be put to him at this meeting. According to Mr. Dudley D. Field humility befits the Secretary, he being a mere servant of the company. I speak, sir, as a Director, as one of the Executive Committee, and as the owner of a large amount of stock. As for the office of secretary I care nothing about it, and only undertook to perform the duties temporarily until the affairs of the new organization could be reduced to order.

I readily acknowledge the right of any stockholder, tho' he may hold only a single share, to criticise my acts as one of the Executive Committee, but it verges upon the ridiculous for a man having or representing a comparatively small interest to get up and undertake to snub one holding three times as much.

The Western Union Co. and the California Telegraph.

I see here, sir, some gentlemen connected with the Western Union Telegraph Company, acting with the party opposed to the majority of the Board of Directors of this Company. That may be accounted for by the fact that the Western Union Company is very desirous of having a telegraph line built to California upon a certain route, a large part of which runs through the territory allotted to that company by the six party contract. A majority of the Executive Committee of this company wanted a line upon another route (the Southern) provided for by Congress, in addition to that favored, by the Western Union Company, and therefore opposed the bill for the establishment of the latter line alone. In so doing they have given offence to the Western Union Company, and I have no doubt that the

president and some of the directors of that company would, for that reason, like to see a change in the government of our company. In fact the gentlemen to whom I have just referred would, for various reasons which I cannot stop now to explain, prefer to have the affairs of this company managed by certain directors of the old American Telegraph Company, viz., Messrs. Hunt, Field & Hewitt, rather than by gentlemen who are connected with the Magnetic and other Companies now in the consolidation. And Mr. Craig can act cordially with the Western Union Company, for he wants a monopoly of the telegraph news between the Atlantic and Pacific—which monopoly would be endangered by the existence of the different lines on different routes between those points.

Mr. Craig demands the expulsion of the Executive Committee and the appointment of others in his interest. He publishes an abusive pamphlet attacking all the members of the board who had opposed his views; he assails them with the grossest epithets, and this scurrilous pamphlet is sent round to all the stockholders, a list having been obtained for that purpose through Mr. Cyrus W. Field.

Mr. Craig,
his demands
and his col-
leagues.

It is true that Mr. Hewitt, one of our assailants, deprecates the tone and style of this pamphlet, but he does not oppose the demand that the Executive Committee shall be removed, on the contrary he proposes that we shall enter upon a career of submission to the truculent agent of the New York Association, well knowing that the inevitable result would be the transfer of the management of the affairs of the Company to his supporters in the Board.

In that event we may see Mr. Cyrus W. Field, President, Mr. Wilson G. Hunt, Treasurer, Mr. Abram S. Hewitt, Vice-President, Mr. Dudley D. Field, Counsel of the Company, and the first three named gentlemen the Executive Committee.

Moreover, the control of this company may be a matter of considerable importance to ambitious New York politicians, Tammany Hall leaders, and candidates for posts of distinction.

I have further to state, sir, that, as a large stockholder, I have great objections to placing the control of this Company in the

hands of gentlemen who have but little interest in this company and large interests in the Newfoundland line. A consolidation of that line with the lines of this Company, on terms too favorable to the former, might be effected, or contracts might be entered into between the Companies detrimental to my interests. I do not wish to impute base motives to all of those gentlemen, however some of them may abuse and vilify me, and however outrageous may be their conduct in relation to the affairs of this Company, but, I do mean to say that I do not want men to act as my trustees whose interests in relation to the affairs of this Company are opposed to mine.

I cannot, sir, separate Mr. Craig from his friends and supporters, Messrs. Field, Hunt, and Hewitt, for I find them acting together, using the same arguments, and, in point of style or veracity, I do not see much difference between Mr. Craig and Mr. Cyrus W. Field.

Public discussion should have been prevented.

Sir, this public discussion has been forced upon us contrary to the wishes of a large majority of the stockholders. I wish, sir, that Mr. Kendall had not submitted to the clamor of the faction appealing from the Board to the stockholders. We could soon have put to the test the bold threats of Mr. Dudley D. Field that whatever might be the wishes of the majority of the stockholders he would have a public discussion of the affairs of the company. That gentleman told us that if Mr. Cambridge Livingston's resolution should be carried, he, Mr. D. D. Field, and his party would disregard it and would carry out their programme by force. That is all of a piece, sir, with the first manœuvre,—the attempt to seize the chair. I should have liked to see Mr. D. D. Field try to carry out his threat. I do not think he would have succeeded.

Objects of the Opposition Party.

I can divine two objects of the directors who persist in publishing statements to the effect that the property of this company is not worth more than the amount of its debt, incurred in the purchase of a small part of the property of the Company from Mr. F. O. J. Smith. One object probably is that the stockholders may be induced to put the property under the charge of those who intimate that they can obtain the friendly aid of D. H. Craig. And it may be supposed that many of the

stockholders may be induced to sell out their stock at a low price.

A short time ago, sir, it was given out that Messrs. Hunt, Field, and Hewitt, and their friends, Peter Cooper, D. H. Craig, and others desired to sell their stock, and that 2,000 shares could be bought for 85 cents on the dollar. But a party who applied to Mr. Cyrus W. Field, expecting to get the stock at that rate, was told that the price was 100 cents on the dollar for the 2,000 shares, all the talk about selling at 85 was merely to keep down the price of the stock. The same party was opposed to our making quarterly dividends of three per cent. They preferred lower dividends. The object of all these movements may be readily guessed at.

Mr. Hewitt has read a printed address to this meeting signed by himself, Mr. Wilson G. Hunt, and Mr. Cyrus W. Field. That address, sir, is full of errors, mistatements, and false reasoning, and I propose to review it.

Review of
the printed
address read
by Mr. Hew-
itt.

The first statement made by Messrs. Hunt, Field, and Hewitt, is that when the consolidation was effected it seemed that the affairs of the company "were placed on a basis of enduring prosperity, which, with proper management, no adverse circumstances could disturb."

To whom did it seem so? It was well known by those who were acquainted with the telegraph business, and who had brought about this consolidation, that the question whether "*enduring* prosperity" could be secured depended upon various circumstances of a somewhat doubtful character. And although I for one believed that "*enduring* prosperity" might be secured by that "*proper management*" which is opposed by the gentlemen who stopped the messages at Sackville, I knew that under what they call "*proper management*" the prosperity of the company would not endure more than a year or two, and probably not so long even as that.

The antici-
pation of
"*enduring*
prosperity."

I hoped and believed, sir, that they would not obtain the management of the affairs of the company, and therefore I expected that the company would become and remain prosperous. But I could not conceal from myself the fact that there was

danger—that those gentlemen, although having but three votes in the Board, and owning but little stock amongst them, might, by the powerful aid of the New York press and their agent, succeed in obtaining the control of the company for themselves and their party.

I was hopeful as to the fruits of the consolidation—many others were not so—many of the stockholders of the Magnetic Telegraph Company preferred selling their stock to taking the stock of the new company. They had been assured by an indiscreet gentleman assuming to speak for certain parties favoring the project of consolidation, that they would purchase all the stock of the Magnetic Company held by parties who might decline to come into the new company. The principal stockholders of the Magnetic Company soon found that this assurance was unfounded, and abandoned the idea of selling, but others insisted upon the fulfilment of the promise, and it became necessary to subscribe ninety thousand dollars to purchase the stock in question. At the last moment the amount subscribed fell short twenty thousand dollars, and I had to make up the deficiency, for no one else would. I may here add that the subscriptions of Mr. Peter Cooper and Mr. Wilson G. Hunt were \$10,000 each. My subscription was \$25,000.

Alleged objects of the consolidation.

Messrs. Hunt, Field, and Hewitt state, in the second place, that “this consolidation could never have been effected but from the general conviction in the minds of the proprietors of the lines, and of the public by whose business the lines were sustained, that the great saving in the expense of operating and maintaining them under one management, would enable the united company to offer to the public greater facilities in the transmission of intelligence, and, in the course of time, at reduced rates.”

I do not believe, sir, that the objects of the parties who effected the consolidation are correctly stated in the paragraph quoted. The leading object was not to offer the public greater facilities nor reduced rates, although I believe that those results will follow at no distant period. The great object of myself and my colleagues was to acquire the strength necessary to prevent competition, which we feared might arise after the expiration of the patents granted to Prof. Morse.

Messrs. Hunt, Field, and Hewitt state that the directors have been enabled "to make quarterly dividends of three per cent., besides laying by a considerable amount for the construction of new lines and the discharge of the debt incurred in buying out the interest of Mr. F. O. J. Smith in the lines and patents."

The dividend made, and reserved fund.

That statement is incorrect.

In making the dividends of three per cent. no fund is reserved for the construction of new lines or the discharge of the debt referred to, it having been resolved by the Board to issue stock to raise the funds necessary for those purposes.

Messrs. Field, Hunt, and Hewitt appear to be very desirous of depreciating the stock, but I must say that they are not correct in their remarks about the sales of the stock. I know of a good many sales at par and upwards. In fact there has been no fixed price for the stock, some parties believing that the company will be able to keep a monopoly of the business and others that the monopoly depending on the caprice of D. H. Craig will be soon broken up.

The sales of Stock.

Messrs. Hunt, Field and Hewitt state that they consider that "it is remarkable that the stock of the Company has steadily sold below par;" and they draw a contrast "with the market value of the stock of other companies earning much less in amount and declaring the same rate of dividends." They tell us that "the attention of the observing shareholder is arrested by this comparison," and that an examination of the causes of the unfavorable comparison is called for. They hold that it is the "plain duty of every Director of the Company" to raise the market value of the stock to 175 at least. They say: "If the capitalist were reasonably sure that the earnings of the Company could be maintained at the present rate, without prospect even of any increase, the market value of the stock ought to range between 175 and 200. To insure this value is the obvious interest of every stockholder, and the *plain duty* of every Director of the Company."

Comparison between this and other Stocks.

But, a little further on, these gentlemen make some statements of what they assert to be matters of fact, and present

arguments which, if correct, would at once dispense with any "examination of the causes of the unfavorable comparison" to which they have directed our attention, and would dispel all hopes that the Directors would ever perform their "plain duty" of raising the value of the stock to the desired level, the "range between 175 and 200."

I quote, sir, the following passage from the manifesto of the three gentlemen: "The American Telegraph Company has a capital of about \$1,500,000, and a debt of about \$200,000. It owns the lines between Boston and Washington, some local lines in New York and Virginia, but it leases the lines east of Boston and south of Washington, so that the bulk of this great capital and debt represents the lines between Boston and Washington."

Can you, sir, or any man who has heard or read that passage, believe that these three gentlemen were *serious* when they talked about the attention of the observing stockholder being arrested by the remarkable fact that telegraph stock, which had paid six per cent. in six months, had not ranged in the market "between 175 and 200?" Why, sir, according to these gentlemen, the stock is not worth ten cents on the dollar, for its value is dependent entirely upon the will and pleasure, whim or caprice of D. H. Craig, the agent of the New York Associated Press, who may, by getting up an opposition to us, destroy the value of our property. Oh, say these gentlemen, if you will let us and our friend Craig manage the Company, he will not get up an opposition, and we shall have a telegraph millenium. How long would it last? What men are there to be found who would submit to his tyranny and abuse; and why should not he, a year hence, when the first Morse patent expires, take up some new invention along with Messrs. Hunt, Field, and Hewitt, or others, build a line from Boston to Washington, and, by his control of all the press news of the country, force our colleagues in the North American Telegraph Consideration to desert us and connect with his lines? If Mr. Craig be allowed to monopolize all the news sent by telegraph, he may take it into his head that he and his friends may as well force a sale of the lines of the American Telegraph Company to a new company to be under his control. Messrs. Hunt, Field, and Hewitt,

Probably results of management of the company by Craig and his friends.

and their immediate friends, might be taken care of in that arrangement, while the rest of the stockholders would lose every thing.

In my opinion our only safe course is to use the strength we have to put an end to the system whereby all the press news is controlled by one person.

The consolidation would never have been effected but for the belief, entertained by myself and others, that we could destroy that monopoly.

Have these three gentlemen, Messrs. Hunt, Field, and Hewitt, confidence enough in their own theory to purchase a majority of the stock at the price which they have themselves figured out. They hold that the Company has nothing to do but to pacify D. H. Craig; and they evidently consider that this should be done at once, by throwing overboard the majority of the Board and the Executive Committee.

My opinion is, sir, that in the new *régime* Mr. Hewitt would soon find himself unable to bear up against the insolence and abuse of that hard task-master, Mr. Craig. I doubt whether even Mr. Cyrus W. Field would not try to get up a conspiracy against the great autocrat, and thus force what Messrs. Hunt, Field, and Hewitt magniloquently call "the newspaper press," into "an attitude of hostility" to the Company. All the sacrifices to pacify Mr. Craig would be found unavailing. It is true, he might not quarrel with his old colleague, Mr. Wilson G. Hunt. Indeed, unless I am much misinformed on the subject, there are divers substantial reasons why those two gentlemen will remain in perfect accord with each other.

But the affairs of the company cannot, under the charter, be managed by Mr. Hunt and Mr. Craig alone; there must be a Board of Directors, and they would doubtless prove restive.

This point is well stated in the address of the Ex. Com., on p. 27, in these words;

"It is true that this company might, by abject submission to the dictates of the polite and gentlemanly agent of the New York monopoly, manage to keep him in good humor for a few months, weeks, or days—might, by expelling the Executive Committee, and appointing his nominees in their place, avert

the threatened action of the New York monopoly against the company for a brief period; but then, we should hold our property by the frail tenure of the mere good will of D. H. Craig, and our dividends would not be worth a single year's purchase."

Messrs. Hunt, Field, and Hewitt, in the next place, proceed to assume that a great deal of trouble has been occasioned by alterations in the tariff on press messages—that the business paid well enough, and should have been let alone. Now, sir, all this is mere delusion. The question is not about tariffs. The Associated Press are willing to pay three times as much as they do now if we will only agree not to take active measures to break up the present system, whereby only one foreign dispatch is allowed to be received for the whole country.

Willingness
of the Associated Press
to pay higher
rates.

I will here notice an error into which a gentleman representing one of the Boston newspapers—Mr. Hale—has fallen in the course of his address to this meeting.

That gentleman has told you that the Boston papers have paid double the price paid by private individuals. The pamphlet published by the Executive Committee, p. 5, shows what the Boston papers pay for messages from Boston to New York and from New York to Boston, viz., for the first 500 words three cents a word, from 500 to 1,000 two cents a word, over 1,000 one cent a word.

Mr. Hale's
remarks.

Now, this reduction in favor of long messages is made solely with a view to the benefit of the press, because practically it is the press alone that derives any benefit from it. A message 500 words long for any other customer than the press is a thing that has scarcely ever been heard of. In reality, then, the Boston papers pay much less for their messages than the ordinary rates charged to the commercial public.

For myself, I must confess, that I can see no good commercial, or other reason why any deduction should be made from the full charge for a message sent to the Associated Press, although I can see good reasons for making a deduction in favor of a special press message, in order that that class of business may be increased. This question is examined in the address of the Executive Committee, pp. 7 to 10, p. 32, and p. 35. The com-

parison instituted by Mr. Hale between a message sent for the whole press of Boston and one sent to a private individual is fallacious. The former on account of its great public importance is allowed priority and therefore full rates ought to be paid for it, especially as no more business can be got by the telegraph company by reducing the charge for an Associated Press message; the amount to be paid by each of the papers taking it being so small that even if the price were doubled the message in question would not be abbreviated on that account one single word.

The question is not as Messrs. Hunt, Field, and Hewitt, would represent it to be, viz., whether we shall be content with our present earnings, and thus "let well enough alone," it is whether we shall endeavor to get the control of our own business, or let a huge monopoly be built up, which will inevitably destroy our property. The question as to the rates to be charged for press messages is comparatively insignificant, but, if from fear of offending the New York Association, we let them dictate to us the rates to be paid, it follows that from the like fear we shall refrain from taking those measures which are necessary to destroy the monopoly of the foreign news enjoyed by that association. I have often declared that, in my opinion, that monopoly must be broken up, and that I believed that means would be found to accomplish the result. This declaration, sir, is but the echo of the covenant which our company entered into on the 12th October last with the principal stockholders of the Magnetic Telegraph Company, an extract from which may be found in the pamphlet of the Executive Committee, p. 25.

The real question.

We have thereby covenanted that we will "*use all legitimate means to prevent monopolies of market and other news entering the United States from foreign countries.*"

Messrs. Hewitt, Field, and Hunt speak on this subject as follows:

"The right to combine to procure intelligence is as *sacred* as the right of the stockholders of this company to associate themselves together to build and operate telegraph lines."

I am not aware, sir, of any right—divine, sacred, or otherwise—to combine to procure intelligence to the exclusion of other parties. And I propose, sir, that we shall destroy that

feature of exclusion, because it is prejudicial to our interests and to those of the community.

Messrs. Hunt, Field, and Hewitt, contend that we have no right to resort to any means to prevent the monopoly in question, any more than we have to break up a private firm, in order that each partner may be made to pay separately for the dispatches which would come to all in common.

These are the gentlemen who resorted to the strongest kind of measures to preserve the monopoly of the New York Association. Now, sir, it is a sufficient answer to this objection to say that if we had refused to covenant to do what they say we have no right to do, the consolidation would never have taken place. I may add, sir, that Messrs. C. W. Field and A. S. Hewitt signed that covenant.

We have covenanted to use all legitimate means to prevent the monopoly of the foreign news. One proper way to do so is to invite competition, to point out how the foreign news can be obtained, to aid, by our advice and counsel, the newspaper press all over the country.

Messrs. Hunt, Field, and Hewitt are the gentlemen who, controlling the old American Telegraph Company, broke down a rival press agent, by refusing to send his messages. Naturally enough, the agent of the New York Associated Press wants these gentlemen to have the control of this company, because he knows that they will not "use all legitimate means," nor any means at all, to prevent his monopoly. In fact, they declare that such efforts would be officious intermeddling, improper and unjust.

They say, however, that they are perfectly willing to offer all possible *facilities for competition*, but contend that the contract with the stockholders of the Magnetic Company does not require us to take any *active* measures to prevent the monopoly in question, and that the New York Associated Press will take offence, and justly so, too, if we try to break up their monopoly.

It is well known, sir, that, unless we take the initiative, the press outside of the city of New York will be unable, at all events for a considerable time to come, to liberate themselves from the yoke of Mr. Craig. Now, Messrs. Hunt, Field, and Hewitt are perfectly willing that we shall do anything that will

be useless for the accomplishment of the purpose set forth in the covenant which I have quoted. They are quite willing, for example, that we should have two wires from Halifax, if we will do nothing to get two customers for the use of them.

I have no doubt, sir, that the New York Associated Press and their agent have been sorely offended by our covenant to use all legitimate means to prevent them from continuing to enjoy their monopoly. I dare say they had a copy of that covenant in October last, before the ink was dry. The parties to the covenant assumed that the object could be accomplished, and I maintain, sir, that the covenant contemplates action on the part of this company to break up the monopoly. It was treated at the time as an open declaration of war against the New York Associated Press.

Mr. Raymond, one of the proprietors of the New York *Daily Times*, in his address to this meeting, has said, that the rates charged to the New York Associated Press are quite immaterial. He denies that any objection to raising the prices would be made by that association.

Mr. Hewitt has declared to-day to this meeting that the press (by which he means the New York Associated Press,) care nothing for rates—that they are willing to pay one hundred per cent. or three hundred per cent. increase, if this company will not use means to prevent the monopoly of the foreign news.

What right, asks Mr. Raymond, has the company to build up rivals to the Association? And he adds that if the company for its own interests will do so, then the Association will, in its own defence, build up rivals to this company.

That is all right—let them do so if they will and can. We expected them to *try* when we entered into the covenant with the stockholders of the Magnetic Company. But, sir, they cannot succeed now, and I think we can, by active measures, prevent them from controlling our property at their pleasure hereafter.

In reply to the remark of Mr. Raymond, that it does not become this company to speak against the monopoly of the foreign news, because we have ourselves a monopoly, I beg leave to say that the interests of our company, not less than those of the

public at large, require that there should be more than one telegraph message containing the foreign news received by the newspaper press of this country.

Messrs. Hunt, Field, and Hewitt say that the members of the New York Associated Press only want a contract with this company for a term of years. I am well satisfied, sir, that the only effect of such a contract would be to divert us from our object and cause us to lose precious time. The one all-important fact is, sir, that unless we can break up the system whereby the entire patronage of the press dispatches is held by one man, our property is not worth twenty cents on the dollar, but, on the other hand, if we succeed in our object, every share of the stock will be worth a great deal more than one hundred dollars.

A contract with the New York Associated Press would be a mere delusion—it could be broken at any time by the association, on the pretence that the business was not done as well as it might be.

In the manifesto of Messrs. Hunt, Field, and Hewitt, I find this passage: "The undersigned have at all times been opposed, and still remain hostile to all grants of special privileges and preferential claims in the use of the lines of the Company."

Why, sir, these are the very gentlemen who, whether they did or did not recognize any "preferential claims," in the use of the lines of the old American Company, would not allow parties to use those lines to send Press messages from Sackville to New York in opposition to D. H. Craig.

These gentlemen seem very fond of high sounding phrases and glittering generalities, but their conduct in the telegraph business has by no means conformed thereto.

In their manifesto it is stated that Mr. Hewitt had an interview with me in which I declined to state to him how the Executive Committee intended to prevent the monopoly of foreign news. I did, sir, decline to lay before him the programme. I did not want any of the proposed arrangements to be communicated to Mr. Craig, because he might be able, if fully advised beforehand, to defeat some of them. I had no confidence whatever in Mr. Hewitt. He had shown himself to be a

Why the Executive Committee did not lay all their plans before Mr. Hewitt.

thorough out and out partisan of Mr. Craig, by stopping the messages of Johnson and Zabriskie at Sackville. Mr. Hewitt had moreover factiously opposed the Executive Committee on various occasions, and had broken faith with me by retaining his seat at the Board of Directors.

Mr. Hewitt errs when he says that I told him that the policy of the Executive Committee, in reference to the New York Associated Press, "was a mystery." Nor is he correct in another part of his statement wherein he states, that that policy was boldly avowed to be "that the New York Associated Press must be broken up, and that means would be found to accomplish that result."

There never was any mystery about the policy of the Executive Committee, that policy was plainly declared, and Mr. Hewitt has not correctly stated it. It was to break up that regulation of the New York Associated Press which begets a monopoly of the foreign news, and confines our lines to a single message containing such news.

Mr. Hewitt is not correct in saying that I told him substantially that I had fully explained the views of the Executive Committee to Mr. F. O. J. Smith, and that he "was so delighted with them that he was ready to exchange his bonds for stock." What I said on that subject was, that Mr. F. O. J. Smith was satisfied that we could prevent the monopoly of the foreign news by the legitimate means pointed out to him, and that he would, if necessary, exchange his bonds for stock, if that policy should be adopted and put in operation. He would not exchange his bonds for stock if the control of the Company should pass into the hands of Mr. Craig and his three supporters in the Board. I am well assured that Mr. F. O. J. Smith would not, in that event, give twenty cents on the dollar for the stock. I know that I would not.

Messrs. Hunt, Field, and Hewitt argue that our patents will not prevent the establishment of rival lines, and they refer to the fact that Morse's patents did not prevent the establishment of House and Hughes lines. House's patent was for a new

Patent rights

process, the use of which was decided not to be an infringement of Morse's patent. Hughes's machine was a mere evasion of House's, and I have no doubt that the use of the former would have been restrained by injunction, if the old American Company had not coalesced with the House Company shortly after the commencement of the use of the Hughes machine upon the line between New York and Philadelphia, for which the American Company did not hold a grant of the House patent. It will be found that no available system of telegraphing can be introduced into this country which is not an infringement of some one of the patents owned and controlled by the American Telegraph Company.

The Six-party Contract. In reference to the exclusive connections which our Company has with the other Southwestern and Western lines under the compact known as the six-party contract, Messrs. Hunt, Field, and Hewitt quote a saying of mine, that the contract is "a rope of sand," which cannot be relied upon whenever it may suit the interests of the contracting parties to dissolve of it. I have said so, when contending that it should be made more binding, and the interests of the various Companies blended more together. The Executive Committee, in their address to the stockholders, takes up this topic (page 26), and say :

"Of course there will be associations for the supply of Press news, but what this Company wants to prevent is the monopoly of the news by a *single association*. It is very clear that if we remain quiet, and allow this monopoly to go on increasing in strength from day to day, we shall soon find ourselves dependent for existence on the mere will and pleasure of the agent or manager of the news monopolists.

"If any single individual or party can obtain and keep the monopoly of the foreign news, he or they will be able, a short time hence to destroy the American Telegraph Company. It is very probable that the Western Telegraph Companies would not offer any resistance to a party controlling the foreign news, but would, if required so to do, give all their business to lines designated by that party."

Those passages, sir, which I have just quoted, show where the danger lies, and how to avoid it. We cannot calculate upon the faithful performance of the covenants of the six-party contract, if we allow the consolidation of the Telegraph lines along the seaboard, to consolidate the monopoly of the news in the hands of one party. Rather must we use the consolidation, as we have covenanted to do, to break up that monopoly.

Messrs. Hunt, Field, and Hewitt contend that a line can be built between Boston and Washington for \$200,000—to be worked in opposition to us—that it can do a flourishing business without connections.

As to a competing line, Boston to Washington.

To all this I reply, that a rival line between Boston and Washington cannot be built without violating our patents—that we hold the best routes—and that the line in question would not pay half its expenses, with all the patronage that D. H. Craig could bestow on it. The Associated Press business is not worth having, and Mr. D. H. Craig cannot at present control the special press messages. He may be willing to pay four times as much as he does now for Associated Press messages, but even then the rival line would realize but little, and that little for only a short time, as Mr. Craig's employers would soon get tired of patronizing a one-horse concern that could not do the business properly. After the news shall have been published two or three times in independent papers not belonging to the association, the whole of Mr. Craig's arrangements will be abandoned, and those parties whom he may have induced to embark in the enterprise of opposing this Company will be left in the lurch.

The personal liability to be incurred by the parties who might venture to infringe our patents, will prevent Mr. Craig from carrying out his threats. He must wait for a year or so, and I propose that our Company shall employ that interval in fortifying against him, and strengthening the confederation of the various Telegraph Companies.

I am compelled, sir, to speak out, because if I failed to do so, the stockholders might be deceived by the specious statements and reasoning of our opponents. But I know that the majority of the stockholders will not ask me to state publicly all the

means we intend to use to attain our object. Nor will Mr. Hewitt's taunts induce me to do so. In fact, I hold that there ought not to be any public discussion of these matters.

Value of the
property of
this Com-
pany.

Sir, it is true, as stated by Messrs. Hunt, Field, and Hewitt, that the American Telegraph Company has a capital of about a million and a half, and a debt of about two hundred thousand dollars. And I maintain, sir, that the property of the Company is worth a great deal more than those two sums added together.

The reasoning of Messrs. Hunt, Field, and Hewitt is entirely fallacious. They say that the bulk of the capital of this company and its debt represents the lines between Boston and Washington, because this company leases the lines east of Boston and south of Washington, and that the debt of this company is nearly or quite equal to the actual capital required to build a new line between Boston and Washington.

I regard the lines between Boston and Washington as a mere bagatelle in comparison with our other property. But I need not repeat what is set forth in the printed address of the Executive Committee, on pages 21 and 22, and pages 33 to 36. Suffice it to say that this company controls all the principal lines along the seaboard, and has exclusive connections with all the great telegraph companies in the United States and British Provinces. The company has a great and lucrative business, and is well able to pay the rents reserved by the leases of the various lines east of Boston and south of Washington. The leases and the contracts for connections are worth far more than the whole amount of the capital stock and debt of the company.

Messrs. Hunt, Field and Hewitt say they do not make their statements to alarm the stockholders or to foment opposition; that they "might have sold their stock and retired from the company." Two of them did once sell their stock and they have now only eighty-four shares between them. I will not say that they did make these statements to alarm the stockholders and foment opposition—still they must be aware of the natural consequences of their own acts.

On the 5th page of the address of the Executive Committee you will find this note: "It is understood that Mr. C. W. Field

is perfectly willing to have the editors of certain newspapers appoint five of the directors, as demanded in the communication hereinafter noticed."

Mr. C. W. Field and the demands of certain news-paper proprietors.

I was told so by Mr. Hewitt, in my office, a few days ago, and Mr. Morse and Mr. Alden were both present and heard the remark. Mr. Hewitt added that he himself considered the demand an unreasonable one. I am not at all surprised, sir, to find that flighty gentleman, Mr. Cyrus W. Field, putting his name to a paper ridiculing the very proposition which he supported.

He judged from his own loose practice in making and publishing statements, that our president, Mr. Barnum, had put his name to an important address to the stockholders stating his policy as president of the company, without reading it. Did Mr. Cyrus W. Field put his name to Mr. Hewitt's "singular production," without reading it, or was Mr. Cyrus W. Field perfectly indifferent whether the paper represented his sentiments or not, so long as it would answer the purpose of the moment?

In that paper, I find this passage :

"As to the propriety and reasonableness of this letter, there is considerable difference of opinion. If the Telegraph Company were to demand of the editors the right to manage the newspapers, upon the ground that the stockholders, officers, and servants of the Company, buy a large number of copies daily, the demand would certainly not be listened to. The stockholders of the Telegraph Company will in all human probability, deem it their right and duty, under all circumstances, to control and manage their own property, under such reasonable regulations as their duty to the public demands, and their own interests dictate."

That is pretty good, sir, for a man who held that the demands of the New York and Boston newspaper gentlemen were right and proper. I doubt, sir, whether the proposition would ever have been made if Mr. Cyrus W. Field had not approved of it and promised to support it.

That absurd demand of the newspaper men of New York and Boston only shows how easy it is to get such papers signed. It needed only the assurance that Mr. Cyrus W. Field was in

favor of allowing a few select newspaper men to manage the telegraph business of the seaboard. It was supposed that he was a great man in the company. It was not known that he had sold out his stock before the consolidation and had only picked up a few stray shares since.

I can easily imagine, sir, what passed through the minds of some of the signers of that paper when it was submitted to them. Seeing some signatures already appended to it they readily followed suit saying to themselves, "Well, it would certainly be a good thing to make the telegraph subordinate to us. To be sure this looks like an audacious demand, but then in signing it we only follow the example set by others, and shall be in very good company."

Mr. Craig had only to start the project and get one or two signatures; all the rest was sure to follow as a matter of course—thus exemplifying the truth of the old adage that "one fool makes many."

I understand that some of the parties who signed that silly paper have frankly admitted that they are ashamed of it.

A Board
wanted by
Messrs. Hunt
Field and
Hewitt, to
represent the
majority of
the Stock-
holders."

Messrs. Hunt, Field, and Hewitt say, that they "believe that it would be better for the whole Board to resign and let a new one be elected *who will represent the majority of the stockholders.*"

No one knows better than the gentleman who penned this passage, that this project is impracticable. The Charter provides that in case any Director shall resign, the vacancy may be filled by the Board of Directors. The stockholders cannot fill any vacancy. Messrs. Hewitt, Field, and Hunt, cannot well be ignorant of the fact that the other nine directors do now "represent the majority of the stockholders," and a very large majority too. What, then, do they mean by this suggestion, that the whole Board shall resign, "and let a new one be elected, who will represent the majority of the stockholders?" If it be desirable to have a Board of Directors capable of acting in harmony together, the desired object can be attained by the resignation of Messrs. Field, Hewitt, and Hunt. In that event, three other gentlemen will be elected in their places, who agree in opinion with the other nine Directors. I will undertake to

satisfy Messrs. Field, Hewitt, and Hunt that the other Directors whom they have failed to convince, do represent a majority of the stockholders, if that is all that Messrs. Field, Hewitt, and Hunt want to be satisfied about; for, Sir, I will show them that those other Directors actually own and represent a large majority of the stock.

Sir, the three gentlemen so often named by me, are, I have no doubt, aware of that fact at the present moment, and all their talk about having a Board to represent the majority of the stockholders is a mere delusion. If, however, they will not resign, we shall have a remedy in our hands next January at the annual election, and we will take care to use it.

Messrs. Hunt, Field, and Hewitt contend that the affairs of this company are to be managed, not by the Board of Directors and the Executive Committee, but by the stockholders, at public meetings. I can only say that if this Tammany Hall doctrine is to be applied to the complicated affairs of this company the best thing to be done is for the company to sell out to some other company, to be managed on more rational principles.

How the business of the Company to be managed, whether by the Board or at Stockholders Meetings.

Messrs. Hunt, Field, and Hewitt say that the stockholders may, at a meeting at which only two of them should attend, take the press difficulty, if they choose, out of the hands of the directors, and confide its settlement and management to a special officer or committee, or decide in what manner the tariff shall be adjusted, or any other matter of business determined.

These three gentlemen say that, entertaining this idea of the law, they held it to be their duty to call the stockholders together to decide what policy shall be pursued in respect to the monopoly of the foreign news held by the New York Associated Press. And they suggest that the present directors can be got rid of "easily" by a request on the part of the meeting that they shall resign, one by one, so that other persons, indicated by the meeting, may take their places.

Another suggestion is offered by these three gentlemen, viz., that this meeting shall "select three discreet stockholders, of established reputation, as umpires to decide the *matters in dispute between the Executive Committee and the New York consolidated press.*"

Before proceeding to examine these propositions, I beg to call the attention of the meeting to the fact that the passage last quoted contains an uncandid statement, calculated, if not intended, to deceive.

The three gentlemen who signed that statement know that the matters in dispute are between the *Board of Directors* and the New York Associated Press, and not, as Messrs. Hunt, Field, and Hewitt would have you believe, between the Executive Committee merely and that association. The board has acted directly upon the matters in dispute. Besides, the Executive Committee can be removed at any time by a majority of the Board of Directors.

The fact is simply this: nine out of the twelve directors have resolved, after great deliberation, to make a certain change in the tariff on press messages sent from New York to Boston. Messrs. Hunt, Field, and Hewitt opposed that change, and now appeal from the decision of the board to the stockholders, and try to make you believe that it is the action of the Executive Committee alone which they complain of. The same misrepresentation is to be found in the advertisement published by those gentlemen in the newspapers, in which they call upon the stockholders to send their proxies to persons who are not directors. That advertisement speaks of "the changes in the tariff, made and to be made, by the Executive Committee." And yet Messrs. Hunt, Field, and Hewitt knew that the changes which had already been made in the tariff had been made by the board, with the assent of nine directors out of the twelve, and that the Executive Committee had been directed to make a report on further changes, to be acted upon by the full board.

It is not surprising that Messrs. Field, Hunt, and Hewitt should advise the stockholders to send their proxies to persons ignorant of the affairs of the company. It was the only chance that those three gentlemen had of success in their policy.

I will now proceed to show that these gentlemen have erred in their view of the law, and that if any mistake has been made they and their legal adviser, Mr. D. D. Field, are responsible for it. Their position is so novel and unreasonable that I can hardly suppose they really believe it to be correct. They

maintain that the complicated affairs of this company are to be carried on not by the directors, but by the stockholders. They have also insisted (and on this point they are probably right) that it is not necessary to have a majority of the shares of stock represented at a meeting of stockholders, but that any number of stockholders, however small, and however minute their interest may be, will constitute a legal meeting. They hold that the stockholders so assembled may take any or all of the affairs of the company into their hands—may appoint committees, officers, and agents—make and repeal by-laws—purchase other telegraph lines—and exercise all the powers given by the charter and general laws to the corporation.

If that were so, it would be impossible to manage the affairs of the company successfully, and the stockholders would have good right to complain bitterly of the parties who had drawn up such a miserable charter.

The charter was drawn up by myself, on the part of the New York and Washington Printing Telegraph Company, and by Mr. Dudley D. Field and Mr. Abram S. Hewitt, on the part of the old American Telegraph Company, and if there be any defects in it those gentlemen must share the blame with me.

Mr. Abram S. Hewitt was the president of the old American Telegraph Company; he is a resident of the State of New Jersey, president of the Trenton Iron Works Company, a New Jersey corporation; he has received a legal education, he professes to be and no doubt is perfectly familiar with the statutes of New Jersey, affecting corporations.

He went to Trenton with the draft of the charter, as settled by himself and Mr. Dudley D. Field, and got it passed by the Legislature, with some alterations which were made in committee and which he assented to. Mr. D. D. Field charged the old companies for his professional services in this matter and I have his bill for such services, and the draft of the charter with his alterations made on behalf of the old American Company.

The charter does not provide for the formation of the Company in the usual way, by subscriptions for stock, but authorizes the issue of stock to the amount of the original capital, \$740,000, to the persons named in the first section of the act and the other stockholders of the American Telegraph Company, and

the New York and Washington Printing Telegraph Company. That stock was issued by the directors named in the charter, by virtue of the implied authority given to them by that instrument. We had to effect the consolidation of the various companies in the best way we could, and it was a task of considerable difficulty under the very peculiar circumstances. I do not suppose that the work will bear very rigid criticism in all its parts. But delays were dangerous, and we had to proceed as we did, or abandon the organization under the charter granted by the State of New Jersey.

The charter does not provide for any meeting of the stockholders prior to the annual meeting for the election of directors, but assumes that the place of meeting and the manner of conducting the election will be settled by the by-laws. It was not possible to convene a meeting of the stockholders before the Board of Directors had made a by-law prescribing the mode of convening the meeting, and the place where it should be held. The charter provides, section 6, that the meetings of the stockholders may be held as well out of, as within the State of New Jersey, "at such times and places as may be provided by the by-laws."

This very meeting, sir, is convened under the provisions of the by-laws made by the Board of Directors, and we have no legal meeting now, and never can have any, if those by-laws are invalid.

On the 12th October, 1859, the company was organized by the directors named in the charter—there being no other practicable mode of organizing. Mr. Abram S. Hewitt was elected president, in compliance with the provisions of the charter, which required the president to reside in New Jersey.

At the meeting of the directors on the 14th October, 1859, three of the directors resigned and three other gentlemen from the Magnetic Telegraph Company took their places; and the following resolution was adopted.

Resolved, That a committee of three be appointed by the president to prepare a code of by-laws, to be submitted to the board for adoption."

The president, Mr. Abram S. Hewitt, thereupon appointed Mr. Barnum, Mr. Purdy, and Mr. Russell, to be such committee.

At the meeting of the directors on 23th October, 1859, the committee on by-laws presented a draft of proposed by-laws. The draft was amended in many important particulars; and there were several divisions, the vote being taken by ayes and nays, and I find Mr. Hewitt's name in those divisions.

When Mr. Hewitt appointed the committee to make the by-laws, he was fresh from his consultations with the counsel of the old American Company, and well posted up in the provisions of the charter and the general law of New Jersey, which is to be found in Nixon's Digest, a book in the hands of almost every farmer and tradesman in New Jersey.

At the first meeting of the stockholders, held in the manner prescribed by the by-laws of the Board of Directors, Mr. Barnum, as Vice-President of the Board of Directors, took the chair, and Mr. Dudley D. Field moved a resolution that an application be made to the Legislature of New Jersey to obtain certain amendments to the charter, one of which was as follows :

“To provide that the stockholders shall be the only authority to make or alter the by-laws.”

It is to be observed that no counsel for the company was appointed until after the by-laws had been adopted. As to the charter and the organization under it, the counsel for the old companies with Mr. Hewitt must be regarded as the responsible advisers, regard being had, however, to the intrinsic difficulties of the attempt to get the various companies together.

In charity I will assume that Mr. Hewitt and Mr. Dudley D. Field in the heat of their party spirit and in their desire to create confusion in the enemy's camp, have forgotten the part they took in this business. There is an old adage that “it is a foul bird that wilfully defiles its own nest.”

But it is not true, as Mr. Hewitt would now have us believe, that our charter is a miserable abortion. The affairs of this company are not to be managed by stockholders' meetings. As stated in the address of the Executive Committee, (p. 5,) “The management of the affairs of the company is confided by the charter and the laws to the directors. It would be impossible for the stockholders to manage those affairs successfully.”

The charter provides that there shall not be less than seven nor more than thirteen directors of the company, and that a majority of the directors shall constitute a quorum for transacting business.

The N. Jersey Act of 1846 declares that "every corporation as such shall be deemed to have power."

1. To have succession by its corporate name.
2. To sue and defend.
3. To use a common seal.
4. To purchase such real and personal property as the purposes of the corporation shall require.
5. To appoint such subordinate officers and agents as the business of the corporation shall require, and to allow them a suitable compensation.
6. To make by-laws for the management of its property, the regulation of its affairs, and for the transfer of its stock.

This does not mean that the corporators at large must exercise these powers and that meetings of stockholders must be called to authorize actions to be brought or defended, or to authorize contracts to be made and the seal of the company to be affixed thereto—or to authorize the purchase of poles, wire, insulators, stationery, or acids, or to appoint operators and line men, or to make regulations for the management of the business which is to be managed by the directors.

The charter authorizes the directors to transact the business of the company. It follows that they can exercise all the powers vested in the corporation except such as are in terms or by necessary implication conferred upon the stockholders.

The directors having the power to manage the business of the company have the incidental power of making rules and regulations for that management. These rules and regulations we call by-laws. They may be altered from time to time by the authority which has made them.

It is laid down in general terms in treatises on the law of corporations that the incidental power of making by-laws like every other incidental power of the corporation is to be exercised by the members of the corporation at large "in the same manner in which the charter may direct them to exercise other powers or transact their general business." When t general

business of the corporation is to be transacted by directors or managers chosen by the stockholders, the power of making by-laws is incidental to the power to manage the business.

Thus the Board of Directors had the power to issue stock in the first instance. Incidentally they had the power to determine what should be the form of the certificate, upon what evidence the stock should be issued to the parties claiming it, what books should be kept, and how transfers should be recorded.

The directors of a private money-making corporation have the incidental power of regulating their own mode of doing business. Thus, in a case recently decided by the Court of Appeals of the State of New York, the Court say :

“In corporate bodies the powers of the Board of Directors are in a very important sense original and undelegated. The stockholders do not confer, nor can they revoke, those powers. They are derivative only in the sense of being received from the State in the act of incorporation. *The directors convened as a Board are the primary possessors of all the powers which the charter confers*, and, like private principals, they may delegate to agents of their own appointment the performance of any acts which they themselves can perform. The recognition of this principle is absolutely necessary in the affairs of every corporation whose powers are vested in a Board of Directors. Without it, the most ordinary business could not be carried on, and the corporate powers could not be executed.”

The directors in making by-laws cannot affect the right of voting ; and any regulations respecting the election of directors must be made a reasonable time before the meeting of the stockholders, for the act of 1846, section 8, provides that “no by-law of the directors and managers of any incorporated company, regulating the election of directors or officers of such company, shall be valid unless the same shall have been made thirty days previous to any election of such company, and subject to the inspection of any stockholder.”

The stockholders need no by-laws for the regulation of the proceedings at their meetings. The rules of the common law are sufficient for all practical purposes ; and if the stockholders, at any meeting, should undertake to make any by-laws, they

might be repealed, altered, or disregarded by any subsequent meeting, for the same power which makes by-laws can repeal them.

Responsibility of Messrs. Hunt, Field, and Hewitt, as Directors.

Messrs. Hunt, Field, and Hewitt tell us, in the concluding sentence of their address, that they make this appeal from the majority of the Board of Directors to the stockholders, "to free themselves from the responsibility and odium which will inevitably fall upon the authors of the ruin of a now prosperous corporation," which, they think, can remain prosperous only so long as D. H. Craig shall permit it to be so.

It could not be necessary for the three gentlemen to drag all the affairs of this Company before the public and get them published in the newspapers, for the mere sake of freeing themselves from responsibility as Directors. They shared that responsibility with their colleagues whom the stockholders entrusted with the management of their affairs. The majority of the Board had the right to decide what policy should be pursued, and the talk about the responsibility of the minority for the decision of the majority, is mere nonsense, intended to cover up the real motives of this factious movement.

Alleged misstatement in the Executive Committee's pamphlet.

The postscript to the manifesto asserts that the address of the Executive Committee "abounds in misstatements." I defy the gentlemen to establish that assertion, and I maintain that they cannot show a single statement in the address either intended or calculated to mislead. The only alleged error pointed out by Mr. Hewitt was the statement on page 4, that Mr. Peter Cooper "sold out more than a year ago nearly the whole of the stock held by him in the old American Telegraph Company. At the same time he retired from any active participation in telegraph affairs upon the ground that he could not attend to them."

Mr. Hewitt says that Mr. Peter Cooper (who is his father-in-law) did not sell the stock but gave it to him and to Mr. Edward Cooper. They sold all the stock thus given to them to Mr. Morris and myself. We had a good reason for speaking of the transfers of the stock from Mr. Peter Cooper to his son and son-in-law, as

having been made upon a sale, for the transfers are in writing in the office of this Company, and purport to be for value received and not mere gifts.*

Mr. Raymond has explained to us the character and objects of the New York Associated Press, and has criticised the remarks of the Executive Committee on that subject. He has quoted repeatedly from our pamphlet, but I beg to call your attention to the fact that he has carefully avoided noticing that part of the pamphlet wherein the Executive Committee point out the odious character and results of some of the rules of that Association.

Mr. Raymond's statement of the character and objects of the N. Y. Associated Press.

Mr. Raymond has declared to this meeting that the News Association has not a single feature characteristic of a monopoly about it. He says it is nothing but an association of several journals to share and thus lessen for each the expense of obtaining telegraphic news.

Now, sir, I have no objection to any association of that sort. Mr. Raymond knows that the Executive Committee neither expects nor desires to prevent such associations. He has quoted from page 12 of the pamphlet the following words: "This Company certainly does intend to break up the monopoly of

* Messrs. Hunt, Field, and Hewitt have sent a copy of their manifesto to each stockholder, with a Circular dated New York, July 17, 1860.

In that circular those gentlemen reiterate their old fallacies and erroneous assumptions. For taking the circular, in connexion with the manifesto, it is evident they are assuming that the Board of Directors are "forcing the newspaper press into an attitude of hostility" merely because the Board refuse to let the Agent of the New York Associated Press (which is far from being "the newspaper press" of the whole country) dictate to and control the Company.

Reply to the circular of Messrs. Hunt, Field and Hewitt.

Those gentlemen say that our contract with the telegraph companies can only be broken up by our "forcing the newspaper press into an attitude of hostility." We are not going to force "the newspaper press" into such a position. On the contrary, we intend to *liberate* "the newspaper press" from the yoke of D. H. Craig and the New York Association, and we do not care a straw about the hostility of that association, backed up as we shall be by the press of the country at large and the commercial community.

I hold that the success of the Company can be seriously impaired only in one way, viz., by allowing the consolidation of the telegraph companies to be the means of consolidating the power of D. H. Craig, and thus placing the American Telegraph Company at his mercy a year or two hence.

the foreign news enjoyed by the Association." The words immediately following are these :

"This Company neither expects nor desires to prevent associations of the press for the supply of news by Telegraph. On the contrary, the Executive Committee have uniformly declared their intention to fulfil the covenant with the Magnetic Telegraph Company to supply facilities for rival associations of that character."

The odious regulations of the N. Y. Associated Press.

There is, sir, a feature characteristic of a very odious monopoly in this New York Association, and Mr. Raymond knows very well what I refer to, although he has not deemed it prudent to notice it. It is very distinctly stated in the pamphlet of the Executive Committee, in these words, (p. 24) :

"By virtue of that monopoly, the Associated Press of New York secures the exclusive possession and control of the European news, which *it sells out to the Press* all over the country. *No press is allowed to receive this news unless it will submit to the rules of the Association ; one of which rules forbids the reception of news except through the Agent of the Association.*"

Mr. Raymond could not possibly have lost sight of that passage, and of the remarkable declaration of the Executive Committee on page 35 :

"Arrangements can easily be made whereby the Press of the whole country can be far better supplied than it is now with the foreign and domestic news, and that by means of associations of its own, under the active control of its own representatives, without any such despotic regulations as those of the New York Associated Press, *forbidding the reception of news through any other channel than D. H. Craig*—regulations calculated to create and perpetuate the most odious monopoly that the wit of man could devise."

"Not only can vastly superior arrangements be made for the supply of the public news, but the cost to each paper would, in most instances be even less than what is paid now to D. H. Craig for inferior matter. The Press of the whole country outside of New York city can obtain relief from a disgusting tyranny, and the public at large be rescued from the machinations of speculators who, under the present system, obtain and use for their own benefit, the earliest intelligence affecting the value of stocks and merchandise."

Mr. Raymond has quoted freely and frequently from the pamphlet, but whenever he has come to a passage speaking of the regulations of the New York Association which are designed to prevent the public from obtaining any other version of the news than that which Mr. Craig supplies, then Mr. Raymond has stopped short.

Now, this is somewhat uncandid on the part of Mr. Raymond. He knew what we complained of, but did not meet the difficulty. If the New York Association would abrogate the regulations in question, we should have no cause of quarrel with that Association.

The immediate effect of such abrogation would be, that the newspaper press in various parts of the country, would take additional telegraphic messages containing the foreign news; other associations would be formed, in and out of New York; to take that and other news, and in some cases the great papers would have special dispatches containing foreign news for their own columns alone. Our Eastern lines would then pay handsomely, instead of being a dead weight upon the Company, and the danger pointed out in the following passage in the pamphlet of the Executive Committee (page 26) would be avoided :

“Of course there will be associations for the supply of Press news, but what this Company wants to prevent is the monopoly of the news by a *single association*. It is very clear that *if we remain quiet, and allow this monopoly to go on increasing in strength from day to day*, we shall soon find ourselves dependent for existence on the mere will and pleasure of the agent or manager of the news monopolists.”

“If any single individual or party can obtain and keep the monopoly of the foreign news, he or they will be able, a short time hence, to destroy the American Telegraph Company. It is very probable that the Western Telegraph Company would not offer any resistance to a party controlling the foreign news, but would, if required so to do, give all their business to lines designated by that party.”

I will now read, sir, the rules of the New York Associated Press, which were designed to and which have actually created the most odious and the most dangerous monopoly of the present day.

The rules of
the N. Y. As-
sociated
Press.

The Association was established, in its present form, on the 21st October, 1856, by the representatives of seven newspapers in New York City, viz.: *The Journal of Commerce*, *The Express*, *The Herald*, *The Sun*, *The Tribune*, *The Courier and Enquirer*, and *The Times*.

An Executive Committee was appointed, viz.: Mr. George H. Andrews and Mr. Frederick Hudson.

Article 4 reads thus—"No new member shall be admitted to this Association without the unanimous consent of all the parties hereto, but the *news obtained may be sold to other parties* for the general benefit of the association, on the vote of six-sevenths of its members."

It is not true, as often represented, that all the leading newspapers in Boston, Philadelphia, Baltimore, Washington, &c., are members of this association—they are only customers of the association.

The articles provide for the appointment of an agent, whose duty it is to receive all telegraphic communications for the association and transmit them immediately by manifold copies to each of the parties who may be entitled to receive the same.

Agents or correspondents are to be appointed at Washington and at Albany, to furnish by telegraph, or otherwise, the Congressional and Legislative proceedings, and correspondents are to be appointed at such other points as may be designated by the Executive Committee.

Articles 9 to 15, and part of article 22, read as follows :

IX. All news received by telegraph shall be sent to the offices of publication without unnecessary delay, *but its delivery or publication may be withheld until a specified hour*, by direction of the Executive Committee through the agent of the association.

X. The supervision of the arrangements to be made by the agent of the association shall be entrusted to the Executive Committee, who shall make all necessary regulations for the reception of news, and whose contracts shall be binding on the

association. They shall designate the time of the publication of the foreign and other telegraph news, and the terms of sale of news to parties out of the city.

XI. All European and California news, and all election returns received by special express or telegraph, obtained by any member of the association, shall be the common property of all the members who may desire to make use of it, and the expense assessed upon the members who so use it, in equal proportions, and all such news, together with all other news, except as specified in the XIIIth, XIVth, and XVth sections, shall be immediately handed over to the agent of the association, to be copied and delivered to the several papers of the association, in the same manner as other telegraph news is delivered.

XII. No party receiving news from this association shall enter into any arrangement with rival telegraphic news agents, in this or any other city, or with any person in their employ, nor shall they receive from them any telegraphic news from Washington, Albany, or any other part of the country, nor shall such parties, nor any persons not connected with this association, be permitted to avail themselves of the facilities of the association for the reception of California or European newspapers, circulars, or other intelligence, arriving at this or any other port.

XIII. No member of the association, and no party receiving news from the association, will be permitted to receive regular telegraphic dispatches from his own private correspondents, nor can he make arrangements to receive any special news by telegraph without first informing the other members of the association, and tendering a participancy in it to him. From this restriction are excepted reports of conventions, political meetings, trials, executions, public dinners, sporting intelligence, and the legislative proceedings of other States. Any member can order through the agent of the association special items, or telegraphic reports; but these items or reports so ordered must be tendered to each party to this arrangement and paid for, the parties accepting the same, or any portion thereof.

XIV. Dispatches received from a *resident editor* or *resident reporter* of any one particular paper connected with, or supplied by the association, can be used by that paper for its own sole use and benefit; but news thus received, it is understood *must not be contracted for* by any previous arrangement.

XV. It is agreed that news originating in Washington City and Albany, shall be excepted from all the foregoing rules, and each paper is at liberty to receive telegraphic dispatches from its own correspondents there, and publish the same for its own use and benefit.

XXII. No member of the association shall disclose any portion of the news received by the same, *until the time designated for its publication* by the Executive Committee, except in posting the arrivals of vessels on a bulletin.

It will be readily seen, that the great object of these rules, is to secure to the seven New York papers the control of the news, so that the seven members of the New York Association may sell out such portions of the news as they please on such terms and conditions as they please to the outside papers, and keep them and the telegraph companies in a state of complete subordination. To this end it is provided, that the customers of the association shall not be allowed to procure certain kinds of news of the most important character from any other source. The association tells its customers that it must not deal with anybody else, and as matters now stand the prohibition is effective.

The public
confined to
Mr. Craig's
version of
the foreign
news.

The subjection in which the Press of this country is held by these regulations is utterly disgraceful to the nation. No paper receiving news from the New York Association dare to publish a piece of foreign news transmitted by telegraph other than that supplied by Mr. Craig. His version of the news and no other, must be disseminated throughout the country by telegraph. The report of the state of the foreign markets, which he may choose to have made up, goes into every paper. It may be bogus in many important particulars, but no correction

can be had through the public prints. Private messages, sent to particular individuals, may correct the errors in the published dispatch, or may furnish additional details, but the public at large must put up with what Mr. Craig gives them. No contradiction—no explanation—no further details can be had from other sources by telegraph.

The great New York papers, it is true, enjoy the privilege of selling out the news to and domineering over the Press of the other cities, but in return for this, they have to give up important advantages, and to occupy a contemptible position.

The New York *Herald*, for example, publishes special telegraph dispatches, containing the debates in Congress; that paper is not confined to the common dish served up for all the papers alike, but when it comes to the *foreign news*, it can only give its readers Craig's dispatch, which appears alike in the penny papers of the city of New York and in the columns of many of the "rural journals."

If a paper belonging to the New York Association, or taking news from the same, should dare to publish a telegraph message from Halifax or Cape Race, not supplied through Mr. Craig, that paper would be expelled from the Association, or deprived thereafter of the news supplied by the agent of that Association. No daily paper could continue long to exist under the ban. But if the New York *Herald* and other papers were allowed to publish special foreign reports, numerous versions of the news would be sent by different reporters; some of the papers would vie with each other in the fulness and completeness of their reports, and in the style of the same; our lines in Maine, New Brunswick, and Nova Scotia would cease to be pauper lines, starving upon a single message sent by Mr. Craig once a week or once a fortnight, for a miserable compensation, and that accompanied, too, by gross and brutal insults.

This wretched system is too absurd to be tolerated by a high-spirited and intelligent Press and community, when the enormity of the evil is generally made known. But the newspapers out of the city of New York might remain for a considerable time longer under this disgraceful yoke from sheer inability to throw it off, if our Company should fail to abide by its covenant to use all legitimate means to relieve them from it.

How the monopoly of the foreign news has been kept up.

I will point out some of the difficulties which have heretofore prevented the destruction of this monopoly of the foreign news. Many newspapers throughout the country have been restive under the infliction, but have had finally to succumb. They could not do without the earliest foreign news, and they could not get it except through Craig, in consequence of his arrangements with the Telegraph Companies, and the effect of the rules of the New York Associated Press.

Suppose, for example, a number of papers to associate together to get telegraph dispatches, containing foreign news—for this act of rebellion they are liable to be banished at once from the list of dependents of the New York Association. In that event, the rebels may have their property destroyed altogether, if their arrangements for securing the foreign news as early as their competitors may get it from Craig, should happen to be defective. But for the rule of the Association, that papers taking the news from them shall get none elsewhere, many news reporting arrangements would have been made. That rule has prevented the desired action—the arrangements made by Craig to secure the control of the Eastern Telegraph lines, would not alone have resulted in a monopoly of the foreign news in his hands.

The telegraph line was extended to Halifax upon the faith of an undertaking entered into by the agent of the New York Associated Press, to take three thousand words on the arrival of each mail steamer at that port, and to pay at about double the ordinary rates of tariff. Any other Press agent would only have had to pay a single rate, but the arrangement between the Nova Scotia Telegraph Company and the agent of the New York Association, gave the latter advantages over all rivals. Whilst that contract existed, it would have been futile for any newspaper in the United States to attempt to get the foreign news from Halifax until the agent of the New York Association had got his message through. There was but a single wire, and the message could be spun out to any length so as to occupy the wires continuously—six, twelve, or any greater number of hours if required.

But in May, 1859, the agent of the New York Association having refused to fulfil his contract with the Nova Scotia Com-

pany, that company made another contract with Messrs. Johnson & Zabriskie, by which they obtained the exclusive use of the Nova Scotia lines for the transmission of the European news. The contract was in form different from the former one, but was in effect and for all practical purposes the same, so far as relates to the exclusive use of this line for the purpose in question.* Messrs. Johnson & Zabriskie proposed to supply the newspapers throughout the country with the foreign news, and were supported by the entire Press of Philadelphia.†

The stoppage
of rival press
messages at
Sackville.

* The following letter to the Superintendent of the Nova Scotia lines, shows that Mr. Craig so construed the contract :

Halifax, 6th Feb., 1850.

F. N. GISBORNE, Esq. :

Dear Sir,—I respectfully notify you, that should public or private dispatches be allowed to reach Boston in advance of the dispatches to the Associated Press, we shall not hold ourselves bound to pay this line the sum of seventy-five dollars tolls, nor any other sum, as it must be obvious to you that our dispatches would be of little or no value to the Associated Press, in case other reports of the leading features of the news are allowed to arrive at Boston and New York in advance of ours.

Respectfully, &c.,

D. H. CRAIG,
Agt. N. Y. Ass'd Press.

Mr. Craig's
demand of
absolute pri-
ority.

† This fact is shown by the following communication.

PHILADELPHIA, July 9th, 1850.

A. S. HEWITT,

President American Telegraph Company,

Dear sir,—The course pursued by your company in detaining the foreign dispatches of Messrs. Johnson & Zabriskie, telegraph reporters for the Press, in order that another party may have the preference, does not meet with our approbation. We hope the company over which you preside will see the importance of having their dispatches for us forwarded immediately after their reception in your office at Sackville. The arrangement at present is very unsatisfactory to us and must be very prejudicial to the public interests.

Yours truly,

FRED. W. GRAYSON & Co., *Evening Journal*.
J. R. FLANDIN, *Daily News*.
JESPER HARDING & SON, *The Inquirer*.
J. STEVENS & Co., *Evening Argus*.
DR. E. MORWITZ, *Morning Pennsylvanian*.
HOFFMAN & MORWITZ, *German Democrat*.
CUMMINGS & PEACOCK, *Philadelphia Evening Bulletin*.
M. McMICHAEL, *North American*.
J. W. FORNEY, *The Press*.
JNO. S. JACKSON, *Sunday Transcript*.
GEO. G. THOMAS & Co., *Sunday Atlas*.
LAWLER, EVERITT & HINCKEN, *Sunday Dispatch*.
SWAIN & ABELL, *Public Ledger*.
JONES & MCGILL, *Sunday Mercury*.

Before this some of the Philadelphia papers, viz.: *The Inquirer, The Journal,*

But they could not get their messages through to New York; the old American Telegraph Company refused to send them.

If those messages had been forwarded as they ought to have been by the American Company, the monopoly of the New York Association would have been at once and for ever broken up.

Mr. Craig, however, with Mr. Wilson G. Hunt, had influence enough in the Board of Directors to induce that body to fly to the rescue of the New York Association, and boldly to defy the law and disregard the obligations which the Company owed to the public, and in consequence of that intervention Mr. Craig obtained a complete triumph.

Let us see, sir, what reasons were put forth for this extraordinary conduct of the old American Company.

Imagine, sir, a dispatch sent by Messrs. Johnson & Zabriskie from Halifax to Sackville, where the lines of the American Company commenced—a dispatch containing most important news from Europe—the agent of the American Telegraph Company says, “I am ordered not to send it—we expect in ten or twelve hours from this time that Mr. Craig will get a dispatch in this office, which he has sent, or will send by horse express; and we mean to send that dispatch over our lines, and not yours.”

The audacity of this performance is unequalled. Mr. Abram

The North American, and *The Press* tried to get up a permanent opposition to the New York Associated Press, as will be seen by the following paper,

PHILADELPHIA, December 21st, 1858.

We think it necessary for the interest of the press of this city that a permanent opposition should be sustained to the New York Associated Press. We can by this means get more reliable reports, and be better served. In order to do this we will join with our brethren of the press, if they will all combine, and pay the extra ten dollars per week for Congress reports to Messrs. Carr & Johnson, of this city, instead of paying, as at present, that amount for the reports furnished by the New York Associated Press, commencing on Monday next.

JESPER HARDING & SON,
 FRED. W. GRAYSON & CO.
 M. McMICHAEL,
 J. W. FORNEY.

S. Hewitt was the President of the American Company at that time, and there are but few men, besides him, who would have dared to withhold from the people of this country, for ten or twelve hours, the intelligence which they had a right to receive, and which might be of the utmost importance, not only to individuals but to the community at large.

I find published in the *New York Herald*, of June 4th, 1859, some correspondence on this subject. From that we shall learn what arguments were urged by Mr. Hewitt in support of this proceeding.

The first letter to which I shall refer is one dated June 3d, 1859, addressed to the N. Y. Associated Press by the old American Telegraph Company, through their Secretary.

In that letter the action of the Company is defended upon the ground that it was authorized by the law of New York to make preferential arrangements in favor of newspapers; that the Nova Scotia Company "had given a preferential and exclusive contract to *private parties* for the right to transmit the foreign intelligence;"—that the American Company would not sanction so odious an arrangement, and therefore had "instructed their agents not to transmit over their lines any foreign news which reaches their office at Sackville by telegraph, until after the news is received there by other modes of transmission."

Priority of
Press Mes-
sages.

The first part of this letter runs thus:

"GENTLEMEN,—Ever since the establishment of telegraphic lines of communication in this country, the fundamental rule for their use by the public has been that messages shall be transmitted in the order of their reception, and that no preference shall be allowed in the transmission of dispatches. The only exception to this equitable and indispensable rule has been in favor of news intended for publication in the newspapers, and therefore regarded as the property of the whole community. Telegraph companies organized under the laws of this State are allowed to make such preferential arrangements, and no other. The public have a peculiar interest in the foreign news, which usually comes to us by way of Halifax, or St. John's, N. F. For some years the arrangements of the Associated

Press have secured to the public at large the foreign news in advance of any and all private advices whatever."

In another letter, from the American Telegraph Company to the Secretary of the Nova Scotia Company, dated New York, May 17th, 1859, I find the following passage:

"By the laws of this State, and the settled practice of telegraph companies, the Press are fairly entitled to the preference in obtaining the steamer's news, in order that speculators may not operate at the expense of the public. It is alleged, and you do not deny, that you have agreed to give a preference in the transmission of the foreign news to a private party. This arrangement is not only unreasonable but unjust, and it is rendered particularly objectionable at this time by the excited and interesting state of foreign affairs. If this Company should transmit such dispatch in advance of the public news, it would become a participator in the wrong."

The law of New York makes it the duty of telegraph companies to transmit all dispatches in the order in which they are received, "provided, however, that arrangements may be made with the proprietors or publishers of newspapers for the transmission for the purpose of publication of intelligence of general and public interest out of its regular order."

Illegality of
the conduct
of the old
American
Company.]

It is very right and proper, sir, for telegraph companies to give priority to dispatches for the press, because of their great importance to the public. The welfare of the public is of paramount consideration.

The American Company might have been justified in giving a preference to a message for the New York Association over one for Messrs. Johnson & Zabriskie, on the ground that the former more fully represented the newspaper press than the latter—if such was the fact. That is to say, the message of Messrs. Johnson & Zabriskie might, on that ground—if the fact were as supposed—be set aside, although received first in the office. All private messages lying ready to be sent, or sent already in part, may be set aside in order that the publication of intelligence of general and public interest may not be delayed.

But it was a monstrous perversion of the law to hold that because the message for Johnson & Zabriskie was to be treated

as a private message it might be detained in order to give priority to a press message not yet received by the company for transmission. The company might, when transmitting the so-called private message, have broken off before completing it, so as to send a press message immediately, but the company could not rightfully say to any party tendering a message, "We will not send it, because we expect another party to send a message of the same nature to-morrow, or ten or twelve hours hence." One who is in the habit of jumping to conclusions without taking the trouble to think, might assume that the New York statute which I have quoted authorized such a mode of doing business, but it is inconceivable that a lawyer, even one better qualified to take part in political scrambles than to examine legal questions, could deliberately put such an absurd construction upon the law.

Mr. Abram S. Hewitt has often contended that the conduct of the company was perfectly legal, and Mr. Dudley D. Field has told this meeting to-day, that the Executive Committee, in settling the action of Johnson & Zabriskie, chose to pay out the money of the company without a particle of right, and he evidently assumed that those gentlemen had no claim against the company.

On the contrary, sir, I regard the action of the company as absurd, illegal, and even criminal; and, in my opinion, the Directors who authorized the detention of the public news at Sackville, in the manner I have described, ought to have been indicted for the offence.

If the offence had been committed in this State, Mr. Hewitt would have been brought under the operation of the New York Statute, which declares the wilful refusal to transmit a telegraph message to be a misdemeanor, and provides that the offender, upon conviction, "shall suffer imprisonment in the county jail or workhouse, in the county, where such conviction shall be had for a term of not more than three months."*

* A pamphlet published in 1859 by the Nova Scotia Telegraph Company, contains the correspondence on the subject of the discontinuance of the contract between the Nova Scotia Company and Craig. The following abstract of important portions of that correspondence shows the nature of that contract; it also ex-

Mr. C. W. Field has told the meeting that the profits upon the amount originally invested in the construction of the Mag-

poses the misconduct of the agent of the N. Y. Associated Press, and the complete subserviency of the old American Company to his dictation

Extract from letter dated Halifax, May 10th, 1859, from J. C. Cogswell, President of the Nova Scotia Telegraph Company to Peter Cooper, President of the American and Newfoundland Telegraph Companies:

The preference enjoyed by Craig under his old contract with the Nova Scotia Company.

"The original agreement with the Associated Press was made in 1850 by the Government of Nova Scotia, and under it the Press contracted to send over our wires 3,000 words, on the arrival of each regular mail steamer, for the sum of \$75. The Government lines passed into the hands of the Company, and, in November, 1853, notice was given to the Associated Press that the price of news would be raised. After some negotiation and some complaint on the part of the Press the terms were agreed upon. In the letter from the Associated Press consenting to pay the \$150, one special proposition, made by themselves, was, that six months' notice of termination should be given.

"All went on well enough till in July, 1853, the Cunard steamship *Europa* passed Newfoundland, and news received there by her was sent to New York. On the arrival of the *Europa* at Halifax, soon after, the Press agent refused to send the usual 3,000 words on the ground that it had lost its value. The same thing has occurred twice or thrice, since,—the Press refusing to pay—our Company claiming the full amount.

"We conceive ourselves justified in so claiming on the simple ground that, by its agreement, the Press contracted to send 3,000 words upon the arrival of the Cunard steamers, and under that contract we have always faithfully held our wires at their disposal. We have refused large offers for preferential messages, holding ourselves bound to Mr. Craig."

Extract from a letter of the Executive Committee of the Nova Scotia Telegraph Company to D. H. Craig, dated Nov. 16th, 1853:

"I am instructed by the Executive Committee to give notice that upon the close of the current year, they cannot continue to send the steamer's dispatch to the Associated Press upon the terms on which it is now sent. This preferential dispatch monopolizes the trunk line of the Company usually about half a day, thus wholly excluding, during that time, other business which the Executive Committee believe would be more profitable to the Company. * * *

Under all the circumstances, the Committee consider they cannot, after the commencement of the incoming year, continue to send a preferential dispatch to the Associated Press, on the arrival of the English steamer, at a less rate than one hundred and fifty dollars for each dispatch of 3,000 words. The sum at present received is not a remuneration to the company for sending such a dispatch. Other parties are willing to give the greater sum for the preference now allowed to the Associated Press, but the Committee wish to give that Association the option of accepting or rejecting these terms."

Extracts from letter from D. H. Craig to J. C. Cogswell, President of the Nova Scotia Telegraph Company, dated May 3d, 1859:

"We are accustomed to deal with telegraph gentlemen who are above the despicable tricks we have reason to believe you and your associates are about to resort to." * * *

Craig's attack upon the Nova Scotia Directors and officers.

"Your assertion that you broke off with us because we would not act harmoniously or because of any improper or discourteous language to you is entirely destitute of truth, as what I have before stated proves conclusively. It strikes me that gentlemen of honor occupying the highly responsible position you and your associates do, would hardly stoop to the trickery you openly acknowledge to be your future management of your lines; for ourselves we scorn to follow your base

netic Company's line are very large, yielding now, I think he says, to the fortunate stockholders thirty-two per cent. per

example. Our arrangements are now, as they before have been, open and above board. We shall endeavor to place the steamers' news in your office in advance of all other parties for the future as we have *done for the past ten years*, and we expect that you will send it ahead. We have no favors to ask of you, and would scorn to accept from a telegraph company so lost to every sense of decency as to declare publicly, at least in effect, that it will discard all honorable and open rules and usages, known among telegraphers, and resort to trickery and the Peter Funk game."

Extract from telegram from D. H. Craig to F. N. Gisborne, dated New York, January 2d, 1859 :

"One of the Fog Smith thieves has reported that you have assured your Boston friends that the Newfoundland Company have violated their contract with the Nova Scotia Company, and that the agreement of 1855 has been superseded. Now you, and the stupid people who are putting you forward to make a fool of yourself, know that that statement of yours is a *base lie*, and you may be sure that the Boston people have now got their eyes open, and will not take your word or More's."

Extract from letter from W. H. Wiswell, Secretary of the Nova Scotia Telegraph Company, to John Hunter, agent of Mr. Craig, dated Apl. 30, 1859 :

"As to your remarks about our not being allowed to enter into arrangements with other parties, for sending *preferential* dispatches, the committee hardly understand them. You yourself, personally, and also on behalf of Mr. Craig, make them proposition for transmission of such preferential dispatches. Such preference has been given to the New York Associated Press for years. It was given by the Government of Nova Scotia, when it owned the lines, and was continued by the company on its assumption of the rights and liabilities of the government. It seems strange that you should now hint at contesting the legality of proceedings which you and your friends have participated in for a great length of time, which you yourself and Mr. Craig have offered to renew, and the principal objection to which, therefore, seems to be, that they are to be enjoyed by others."

Extract from a Circular of D. H. Craig, dated New York, May 10th, 1859 :

"I do not think it at all necessary to make any public reply to the scandalous falsehoods of Johnson & Zubrickie, and of their half dozen beggarly newspaper backers, who have been excluded from our news arrangements because of their inability to pay their weekly telegraph bills; but I comply with your request for a brief statement of our present troubles with the Nova Scotia telegraph managers.

Craig's statement about the Philadelphia Press.

"The line to Halifax was built some ten years ago, for the special accommodation of the Associated Press of this city, as is evidenced by the fact, that, before the contractors would proceed to build the line, they exacted from the Association here a pledge that they would use the line for at least three thousand words on the arrival of every new regular steamer at Halifax. The rates agreed upon for us to pay to the Nova Scotia line from Halifax to Sackville (about one hundred and thirty miles), were about double the rates charged to the public, their proportion of the whole tolls amounting to seventy-five dollars for each dispatch. Thus, the only peculiarity of our arrangement with the Nova Scotia line was, we paid them about double the rates which they charged to the public, and we had a right to occupy the wires continuously from the moment our reports reached the telegraph office until it was all sent through to this city. But, if other parties got their reports into the office in season to get them off before ours arrived, the line was at liberty to send them; and this actually happened on two occasions during the past ten years."

Craig's statement of the purport of his Contract with the Nova Scotia Company.

annum upon their original investment. Let us assume it to be so—what inference can we properly draw from that fact?

It will thus be seen that, under the contract between the Nova Scotia Company and the agent of the Associated Press, the latter enjoyed a complete preference—that is to say, he "had a right to occupy the wires continuously from the moment" he put his report in the office of the Telegraph Company at Halifax. If the agent of another Press Association should get to the office first, the Company would begin to send his message, but would leave off the moment that Mr. Craig should send in his message. This, of course, effectually prevented any arrangements being made by rival reporters or agents to prepare and transmit news reports from Halifax. It differed only in form from a contract giving the exclusive use of the wires for a given number of hours after the arrival of the steamer in the port of Halifax.

It is true that if other parties, getting their reports in the office first, could "get them off" before the arrival of Craig's message, the Company would be legally bound to send them. Only a very short message could thus be got off, *i. e.* finished, before the receipt of Craig's message. That message took five or six hours to transmit. But we have seen that Craig declared that he would not pay anything if any message should reach the United States before his.

It is clear that Craig's contract was for a preference, and that it was justified on account of the superior importance of public intelligence.

The positions assumed by the old American Company were inconsistent and ridiculous. Its President was made to contend at one and the same time for the two antagonistic propositions—that the first come should be first served, and that Press dispatches should have priority. The rule, "first come first served," got into favor with Mr. Hewitt when he was assured that Craig could get along very well if he could get rid of the contract by which Johnson and Zabriskie's messages for the Press had priority just as his, Craig's, used to have. It was supposed that the rules of the New York Associated Press, forbidding its customers to receive any foreign news by Telegraph, except through its agent, could be preserved, and the monopoly of the New York Association kept intact if Johnson & Zabriskie could be thwarted. *It was feared that the monopoly might be destroyed by the very means by which it was created.* In this emergency, the cry, "first come first served" was set up, and the American Company was instigated to demand of the Nova Scotia Company the admission of an agent of the former into the office at Halifax to see that no preference was given to Press or other dispatches, but that the rule first come first served, was fully abided by. This demand was of course rejected with scorn.

The American Company, in a letter dated May 25th, 1859, to the President of the Nova Scotia Company, say: "We merely insist that a preference over our lines shall not be given without our consent, nor to any parties who are not by law authorized to have such preference." Thus assuming that a preference given by the Nova Scotia Company was a matter over which the American Company had control. To this the Nova Scotia Company shortly replied, "We have given no preference over your lines. We only claim the management of our own."

No proposition, no reasoning, could be too audacious or too absurd for the co-laborers of Craig to put forth in the name of the American Company. And the

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The stock of the Magnetic Company represented its lines from New York to Washington, and its rights under certain

The position and prospects of this Company—the value of its property, connections, and privileges.

declaration contained in Mr. Hunter's letter of April 8th, 1859, that if the Nova Scotia Company would not give him either the same contract for a preference which the Associated Press of New York formerly had, or the other contract mentioned in his letter, no news whatever would pass over the wires of the Nova Scotia Company to the American Press, was acted up to by the American Company.

Mr. Peter Cooper was made to believe that it was very wrong for the Nova Scotia Company to make any contract with Johnson & Zabriskie, whereby they had priority.

Mr. Peter Cooper was President of the American Company when the controversy arose. He was soon after succeeded by his son-in-law, Mr. Hewitt. Both of those gentlemen appear to have been profoundly ignorant of the fact established by the documents which I have set out, that Craig's contract with the Nova Scotia Company gave him a priority, and that by means of this privilege and the rules of the Associated Press of New York, he had succeeded in gagging the people of the United States, and forcing them to accept his foreign market report, and his version of the foreign news, without addition, contradiction, or explanation.

Mr. Peter Cooper held \$30,000 of the Stock of the old American Company, whose stock was \$200,000. That Company took a lease of the Maine and New Brunswick lines, and then purchased the claim of Craig and his two partners to the Telegraph line from New York to Boston. Craig took stock of the Company for his interest in the old line. The Company of which Peter Cooper was President was in reality influenced by Craig, as much so as the old line was before he assigned it to the American Company.

The stock of the old American Company taken by Craig in the name of Mr. Hyde, was paid for out of the proceeds of the sale of Craig's one-third interest in the old line from New York to Boston, (for which he paid nothing). He obtained about 160 shares of \$100 each in that way, which he put in the name of his wife.

In the course of the discussion respecting the stoppage of the messages of Johnson & Zabriskie it was stated, amongst other things, that Craig was the owner of a considerable amount of stock of that Company, and that he exercised an undue influence over its Directors. Mr. Hewitt, in a reply published in his own name in the *New York Evening Post*, dated July 7th, 1859, after first asserting that the American Company had given no preference to the agent of the Associated Press, and then defending the preference given to him on the ground that interference was necessary to prevent the "disgraceful and disastrous result" of the preference given by the Nova Scotia Company to Johnson & Zabriskie, goes on to say, "I have examined the Stock Ledger of the Company, and find that the agent of the Associated Press is not, and never has been, a Stockholder in this Company." That statement is literally true, yet some shares then stood in the name of Helena Craig, the wife of D. H. Craig.

Mr. Hewitt took the office of President of the old American Company in 1859,

leases. What profits would it have made without *its lease* of the line from Washington to New Orleans? Supposing the Mag-

By what authority the messages were stopped at Sackville. merely to relieve his father-in-law from the performance of its duties. Mr. Hewitt did not like the investment of his father-in-law in Telegraph stock—knew nothing about the Telegraph business—cared nothing about it—and took the earliest opportunity of selling out the stock held by himself and his relatives, as already stated above. He rushed at once into the arms of Craig, and did exactly what Craig wanted to be done. This was, as I believe, to gratify Mr. Wilson G. Hunt, and not from any improper motive. Although the lines of the American Company were worked at this time in conjunction with the lines of the New York and Washington Company, and all were under the control of trustees appointed by the two Companies, the three trustees who represented the New York and Washington Company (I was one of them) were never consulted about the stoppage of the messages at Sackville. The reason given by Mr. Hewitt was, that he knew I would strongly oppose that course of proceeding. I was consulted about *all other matters* affecting the joint interests. As there was no complete union of the lines—we were waiting for the Magnetic Company to join us, and in the meantime were acting under a contract for consolidation to be perfected in legal form thereafter—I had no *legal* right to interfere, and Mr. Hewitt did just as he pleased in the matter, acting on behalf of the old American Company. The resolution directing the messages of Johnson & Zabri-kie to be stopped at Sackville, was adopted May 13th, 1859, (although no record of it can be found,) by the bare quorum of the Directors of the old American Company in the absence of Mr. Alden. That gentleman, as I am informed, knew nothing about the resolution in question until some time after it had been adopted and enforced. He was not consulted at all about it.

Craig's position as agent of the N. Y. Associated Press. It will be observed that Craig, in all his conduct and correspondence, assumes a *masterful air*; he does not talk and act like a mere agent of the Associated Press, but as a dictator. He contrived to obtain controlling interests in an essential part of the lines of telegraphic communication with the East, possessed himself of the most important lines over which marine intelligence is transmitted—coupled them with reading-rooms resorted to by shippers and agents of marine insurance companies; and in various other ways made himself indispensable to the New York Associated Press. He has, in fact, built up that Association, and it is completely under his control. His position is one of commanding importance. As the foreign news is received first by him in cypher, to the exclusion of any body else, he could, with adroit colleagues, make vast sums of money in speculations. I leave the reader to judge, from the style of his correspondence, whether he is the right sort of a man to be entrusted with the possession of the foreign news in advance of every other man in this country. No one man could have that advantage if the system established by the rules of the New York Associated Press were abrogated. Under that system there can be but one telegraphic message for the Press containing the foreign news. And yet Mr. Raymond tells us that that very system was got up to protect the public, and that it answers the purpose. On the contrary, it appears to me that it is only by competition that the public can be

netic Company had not owned such lease, could it have made any profits at all without *a connection* with that line? If it had

protected against fraudulent speculators. If two or more messages are received for different news associations, it will be impossible for any one man to lay his plans for defrauding the unwary.

I know it will be said that we have no right to rail against monopolies because we have ourselves a monopoly. Now, with respect to our monopoly, which is founded upon the Patent laws, it is a fact worthy of notice, that the public is better served now that the various lines are worked in connection with each other, than it was when there were various companies competing with each other. Thus between New York and New Orleans a message is now sent by whichever line may happen to be in working order, whereas formerly the Company receiving the message in the first instance would often decline to send it by the rival line, although its own line might be temporarily disabled. Our Company will endeavor to serve the public well and faithfully, and I have no doubt that we shall be able, at no distant period, to reduce the charges for private messages and special reports for the Press on some routes, and yet make a reasonable profit for the stockholders.

Any one who has dared to oppose Craig has always been attacked by him with the most reckless ferocity.

Thus the Directors of the Nova Scotia Telegraph Company "stoop to trickery," set a "base example," are "lost to every sense of decency," and resort to the "Peter Funk game." Craig's ferocious attacks upon all who oppose him.

The Hon. Francis O. J. Smith, who was the owner of the major part of the stock of the New York and New England Union Telegraph Company, and who opposed the monopoly of the New York Associated Press, is denounced by Craig as "that vile scoundrel trickster Fog Smith," "the would-be swindler."

The proprietors of all the leading Philadelphia newspapers who supported Johnson & Zabriskie in their efforts to supply foreign news, Craig, in his circular of May 10th, 1859, calls "their half dozen beggarly newspaper backers who have been excluded from our news arrangements because of their *inability to pay their weekly telegraph bills.*"

Mr. Johnson, in the same circular, is spoken of as a man who for many years has been engaged in entrapping "verdant fools" to engage in the reporting business—that in this way he occasionally secures "a neat tile, a glossy coat, and shining boots;" that after a short time "there happens a serious collapse, and Mr. Johnson retires to the shaly side of the Philadelphia small beer-shops until he can find some other youth who has more money than brains."

This was one of Mr. Craig's contrivances to destroy the credit of those who were opposed to him in the reporting business.

In his pamphlet, dated May 1st, 1860, with a postscript dated June 12th, he attacks the report of the Special Committee appointed to examine and report upon the alterations made in the tariff for the Press. These gentlemen, the Pre-

been without that connection, and without a connection with the East or West, could it have paid *half its expenses*? I suppose not.

sident, Mr. Barnum, Mr. Russell, Mr. Alden, Hon. Amos Kendall, and Mr. W. M. Swain, are accused by Craig of

"Deception and trickery."

"Disgraceful partiality and injustice."

"Baseness."

He says "they make deliberately false and base representations."

That they "present nothing but the tissue of the most barefaced misrepresentations."

That "a more unprincipled set of men never existed."

In his second pamphlet, dated July 7th, 1860, entitled "A reply to the *falsehoods* of the Executive Committee," he charges the committee with having made "statements as utterly and ridiculously false as ever were concocted."

"Indeed, from the very commencement of this controversy, its authors appear to have been lost to every sense of honor, truth, and duty."

That the pamphlet of the Executive Committee contains "double the alleged number (36) of palpable untruths."

That it contains "Munchausenisms," "base and scoundrilly imputations," "a barefaced, impudent falsehood." That the Committee are "mendacious." That one of them, Mr. Alden, has been recently purchased "for five thousand eight hundred dollars or thereabouts," and that the purchasers have made a blunder in purchasing "a man who will deliberately swindle his friends."

He says, "I am only sorry that my power is not as omnipotent as the Committee; and Fog Smith assert, if it were I would summarily string up by the ears, and suspend from the Telegraph building in Wall street, this whole brood of hypocrites."

"True to the instincts of knaves these Executive Committee men doubtless find it hard to realize how any man can fail to be a rogue who has half a chance."

An attack was made by Craig, some years ago, upon some of the Directors of the New York and Washington Printing Telegraph Company, and Hon. F. O. J. Smith and Mr. Henry O'Rielly.

Application made for Craig's dismissal. One of the directors of the last named company, Mr. F. M. Edson, complained to the Committee of the New York Associated Press, that their agent had, in printed letters, dated "Office of the Associated Press, New York," called him, Mr. Edson, and his colleagues, "liars," "rogues," "cheats," "bullies," "humbugs," "loathsome reptiles," &c.

Mr. Edson, in his letter to the ostensible employers of Mr. Craig (but who acted as if they were his subordinates), says:

"I have a right to inquire whether it is not possible for the Associated Press to have an agent who has the manners, bearing and conduct of a gentleman—one who will not, upon any slight and frivolous pretext or occasion, attack those with whom he may come in contact in the prosecution of his duties, and overwhelm them with slime and filth? Are owners of telegraph lines to be trampled upon and insulted by the servant of their principal customer? Is that to be the price of the patronage of the Associated Press? Does that Association require for its object and purposes,

It would then be very erroneous to infer that if a line were put up between New York and Washington it would pay a

an ignorant, vulgar, and foul-mouthed representative—one who revels in slanders and libels? I cannot believe that such a character is indispensable to the Association; if it be, the Association itself is a nuisance which ought to be abated immediately."

* * * * *

"As to the attacks on Mr. O'Rielly and Mr. Smith, Mr. Morris and Mr. Russell, under cover of the last letter to me, they richly entitle the writer to a residence in the Penitentiary, if he be morally responsible for his villainous actions, which I am sometimes inclined to doubt, as no adequate motive can be assigned for them. But if he be not so responsible, still he is a violent and vicious creature, with sufficient cunning for mischief, and he is a nuisance to those who are compelled through his being your Agent to have business with him."

The Executive Committee of the Associated Press did not remove their Agent—perhaps they could not. I have no idea that he will be removed on account of his recent abusive pamphlets. The system that he has built up will sustain him as long as it lasts. But fortunately the system itself is undermined, and with its destruction Craig will disappear from the scene.

The consolidation of the telegraph lines along the seaboard has broken the power of this man. He can no longer play off one company against another, and thus subordinate them all. The new company proceeded at once to obtain a lease of all the telegraph lines in Nova Scotia, in order the better to fulfil the covenant which it had entered into to use all legitimate means to prevent the continuance of the monopoly of the foreign news. It will soon be made manifest to the press generally that they need not submit any longer to the dictation of Mr. Craig, and I have no doubt that the principal part of even the press of New York, will prefer the working of the new system, which will secure an open market for the news, and a choice of arrangements for the collection and supply of foreign dispatches.

Effects of
the consol-
idation of the
Telegraph
lines.

Although Mr. Cyrus W. Field has but a small interest in the American Telegraph Company, he has large interests in the Newfoundland Telegraph Company, and in the Atlantic Cable Company, and it is supposed by many persons that his opinions on the questions in controversy between this company and the New York Associated Press, are entitled to great respect on account of the reputation acquired by him through his connection with the Newfoundland line, and the Atlantic Cable. It may be proper, therefore, to see what claims he has to respect and distinction on account of those enterprises.

The Newfoundland Telegraph Line was not projected by Mr. Field—he embarked in the enterprise after a charter had been obtained by Mr. Gisborne, Mr. Tibbetts, and others, from the Legislature of Newfoundland, and after they had expended a good deal of money upon the necessary surveys, and in the construction of part of the line.

Mr. C. W. Field, Mr. Peter Cooper, Mr. Taylor, Mr. Roberts, and a few other gentlemen, in New York, purchased the interests of Messrs. Gisborne and Tibbetts, many

The New-
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How Mr. Cy-
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large profit upon its cost. It would not pay any profit. It would not pay expenses, nor half of them, without business connections with the South, with the East, or with the West.

and obtained another charter upon better terms for the company than the former one.

The government of Newfoundland was pleased with the project, especially as the interior of the country was to be opened up through the construction of a telegraph line, and the incidental making of a road, and the government undertook to guarantee the payment of the interest on bonds of the company to the amount of \$250,000, and also to grant the company a considerable quantity of land.

The company merely intended to construct a line from Cape Race and St. John's, across the Island of Newfoundland, to Nova Scotia, and there to connect with the lines of the Nova Scotia Company.

The object was to transmit the news brought by the European steamers to Cape Race and St. John's, it being supposed by Mr. Field, and his associates that as the steamers usually run near Cape Race, they would almost always be intercepted by a vessel employed for that purpose.

Experience, however, has shown that this supposition was erroneous, owing to the dense fogs prevailing in that region, and the enterprise has consequently proved a failure in a pecuniary point of view.

At the time when these gentlemen embarked in this speculation, there was some talk in England about laying a telegraphic cable between England and America. A prospectus had been published setting forth the project of the Ocean Telegraph Company to lay cables from Scotland to Iceland, thence to Greenland, thence to Labrador. Mr. Brett, of London, the pioneer of submarine telegraphs, and who had successfully laid several submarine cables preferred the direct route from Ireland to Newfoundland, notwithstanding the great distance between those points.

Mr. Cyrus W. Field, and his associates in the Newfoundland enterprise, did not intend to invest their money in an Atlantic cable, but took care that their charter should protect them in case other parties should succeed in laying such cable. To that end they secured the exclusive right of landing cables in Newfoundland and Labrador, and it was hoped and expected by them that any Atlantic Cable Company which might establish telegraphic communication between Europe and Newfoundland, or Labrador, would have to connect with the Newfoundland Company's lines, or be compelled to make some arrangements with the company, whereby they would be saved from ruin, notwithstanding the abandonment of their land lines across Newfoundland, in the event of the success of the Atlantic Cable.

Of course, it was readily seen that the success of a cable of great length across the ocean would lead to the establishment of telegraphic communication by short submarine cables between Newfoundland and the Continent of America, thus rendering the long land-lines from Cape Race to St. John's, N. F., thence to Cape Ray the entire length of the Island, and thence to Port Hood, in Cape Breton, entirely useless. And also that a line by Greenland and Labrador would supersede the line across Newfoundland.

Mr. C. W. Field and his associates, when they took up this Newfoundland Tele-

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If we add to the cost of construction a sum for *the value of such business connections, the patent rights, and rights and*

graph project, had so little faith in submarine cables, that instead of stretching a cable across from Cape Race to St. Peter's, and thence to Sydney, Cape Breton, a distance of about 300 miles only, they preferred constructing a line right through the Island of Newfoundland—through an unknown wilderness; and that although they had to cut a road-way, construct bridges, &c., involving an expense for the entire line to the point of connection in Nova Scotia, amounting to between seven and eight hundred thousand dollars. The entire distance traversed is about 700 miles, including a cable sixty miles long. This roundabout course was taken to avoid having to lay longer cables—the projectors being *behind the age*, and unwilling to venture upon the experiment of laying cables 300 miles long. It will not do for them to say that they invested their money in the belief that a cable would be had nearly 2,000 miles long.

To keep up the land lines of the Newfoundland Company in working order, a great expenditure is required, and owing to the nature of the country through which they pass no reliance can be placed upon them. The probability is, that they will soon be abandoned, a submarine cable on the route designated above being used instead.

The speculation, as I have stated before, failed, as it was generally found impossible to intercept the steamers. Mr. Field then took an interest in the English project of stretching a cable from Ireland to Newfoundland. He expected to be able to dispose of a considerable amount of the stock of the Company amongst his his own countrymen, and also to obtain aid from Congress.

The first mentioned anticipation was not realized. Mr. Peter Cooper and Mr. Aiden took only *one share* each, and about half a dozen other Americans followed their example, each taking a single share, with the exception of one gentleman who took two. The shares were £1000 each. Mr. Field had some shares allotted to him as one of the promoters. The burthen was borne by the people on the other side of the Atlantic; they supplied nearly all the money, and manufactured the cable. It was there, too, that the experiments were tried upon underground lines, the wires being put together for the purpose of ascertaining whether the current would pass through two thousand miles of insulated wire with sufficient rapidity and certainty for telegraphic purposes.

Mr. Field had no claims whatever either to scientific knowledge, mechanical skill, or practical experience.

It will be seen from this brief recital of facts, that Mr. Field was not entitled to the honors heaped upon him. His connection with the Telegraph business originated not with the grand project of connecting Europe with America by a Telegraph cable, but with a rash and ill-advised project to build a Telegraph line across Newfoundland for the purpose of getting the European news off Cape Race, and sending the American news to Europe from that point. Hence the Company was called the New York, Newfoundland, and London Telegraph Company.

That such was the object, and that the projectors had no faith in long submarine cables, will be manifest to anybody who will look at the map and trace the line from Cape Race to St. Peter's, Newfoundland, thence to Sydney, Cape Breton,

privileges of every description, we shall find that the profits are not excessive.

The stockholders of the line from Washington to New Orleans get only six per cent., whilst the amount invested in the Nova Scotia lines yields only four per cent. We, by holding a vast net-work of lines, are able to make twelve per cent., and doubtless shall make much more hereafter; but how idle it is to talk of the *cost of a small section* or two of our lines, and then calculate the profits of the whole concern as being made upon the capital thus represented.

Mr. C. W. Field says that the line from New York to Boston made large profits before the consolidation. Suppose it did: That does not prove that a line between those cities would pay without connections with Halifax, and Cape Race, and Montreal, and the South and the West. The error of Mr. Field's reasoning consists in disregarding those connections, our patent rights, and exclusive rights of way. Nobody talks of building fresh lines to Halifax, to Cape Race, to Montreal, to New Orleans, to Chicago, to St. Louis, and the thousand other places to which this Company has lines, or with which it has exclusive connections.

The capital stock representing the property of the old American Company did not merely represent the lines from Boston to New York, Boston to Springfield, New York to Philadelphia, &c.; it represented valuable leases of all the lines in the State of Maine which enjoy exclusive rights of way on the railroads in that State; leases of all the lines in the Province of New Brunswick; exclusive connection with the Newfoundland lines, and with all the lines of the North American Telegraph

where a cable might have been laid, thus avoiding the enormous expense incurred in building a land line—a line on a circuitous route through a wilderness and liable to frequent derangements. They had to lay down a cable sixty miles long across the gulf of St. Lawrence, and a short cable across the gut of Canso, instead of two cables extending about 300 miles.

The distance from Ireland to Newfoundland appears to be too great for a telegraph line, and the probability is that telegraphic communication with Europe will not be attempted again by that route, but that the original project for the northern route by Scotland, Iceland, Greenland, and Labrador, which has been recently revived, will be carried into practical operation.

New York, August 21st, 1850.

Confederation, embracing the West, the South, and Canada. How fallacious, then, it is, to speak of the property of the old American Company, for which it was allowed \$420,000 of the stock of the consolidation, as consisting merely or even mainly of the few miles of lines owned by that Company.

It would be as reasonable to speak of the property of the great Express Companies as consisting merely of their horses, wagons, and office furniture, or—a better illustration—to speak of the property of the India Rubber Companies as being worth only the price of their buildings and machinery. We can make large profits because we have got the exclusive connections with tens of thousands of miles of lines, and as the business increases, as it will immensely, from various causes, our profits will go on increasing until we choose to cry enough!

There is no business in this country more effectually secured against competition than this will be after we shall have put down the monopoly of the New York Associated Press, and that we can do to a certainty without any difficulty whatever. I trust that stockholders will not be misled by the alarmists, and induced to sell their stock. I have known the stock of a great Telegraph Company in the West (the Western Union) sold at sixty cents on the dollar, only a few months before dividends were declared equal to cent. per cent. on the entire capital stock. The stock was then increased so that each stockholder got five shares of stock for one, and this stock pays good dividends. It has been estimated by an officer of that Company, fully competent to give a sound opinion, that their dividends will go on increasing from time to time, and will reach 30 to 40 per cent. in 1863.

It appears to be absolutely impossible to impede the prosperity of that Company; it has the exclusive right of way on nearly fifty railroads, and it is bound with our Company and all the other great Companies in the United States and the British Provinces in a confederation for mutual defense and co-operation.

I mention these facts in order that the stockholders may not be led by idle threats, false reasoning, and fallacious statistics, to follow the example of the stockholders in the Western Union

Company, who sold their stock because they failed to appreciate the effects of the consolidation of the Western lines, but made their calculations upon bases similar to those now presented by the parties who want to persuade the stockholders of this Company that their stock is of but little value.

In conclusion, sir, I beg leave to recommend this meeting to leave the affairs of the Company in the hands of its representatives the Directors. To the stockholders, whether owning many or few shares, I would say, keep them, because I firmly believe that under the consolidation they will become very valuable.

